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INSIDE STORY:

CAN STALIN OUST TITO?

Report from Belgrade

Vatican's Terms for Peace with Moscow

By Giuseppe dalla Torre

THE HATE THAT RINGS GERMANY

By Theodore H. White

SHOULD THE US ARM SOUTH AMERICA?

By Col. Kurt Arnade

MY 40 YEARS IN WORLD TRADE

By Thomas J. Watson, Sr.

EXCLUSIVE REPORTS
From 59 Nations

OCTOBER, 1949

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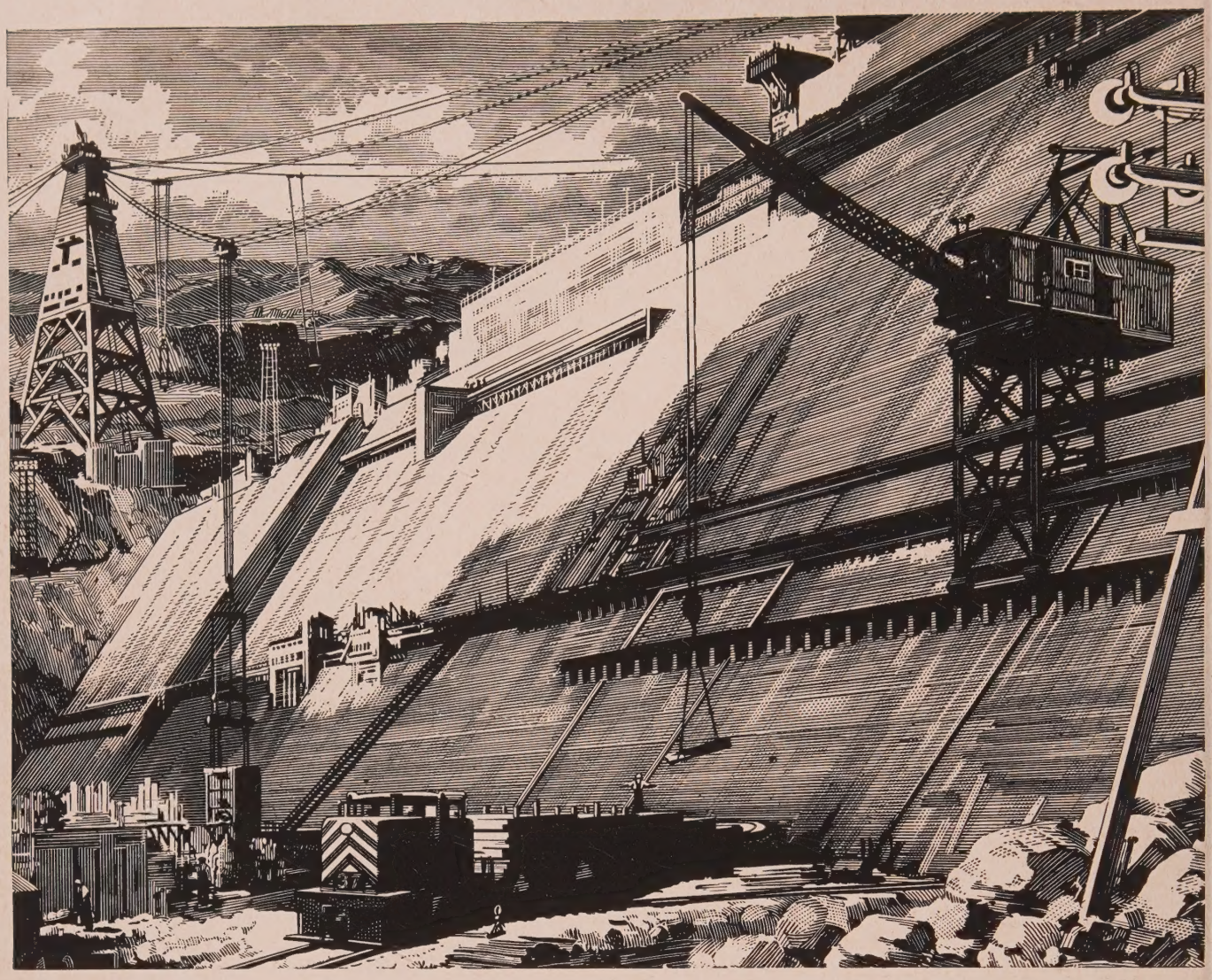

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Letters to the Editor

I believe I must have received from JNW a few impartial intelligent ideas, or I discover I am becoming increasingly isturbing to my friends whenever politics nd world conditions are discussed. For his I thank you.

I am no longer a young woman and you re equipping me to live dangerously in hese United States during my declining ears. It may even be that I shall live onger because of the mental stimulus of our magazine! But since I do not altoether enjoy a lone combat against the ess well-informed, I have subscribed to JNW for several of my friends and hope or reinforcements.

Mrs. F. M. Atwater
Montclair, N. J.

The address of Robert H. Jackson to the Canadian Bar Association at Banff must ave made at least one Canadian chief ustice and also a senator squirm a bit hen he spoke of the influence of Nurnerg, ". . . and that while the law imoses personal responsibility for starting street riot, it imposes none for inciting nd launching a world war." I note Jusice Jackson was given a standing ovation asting a full five minutes by the 1000 Bar Association members—a good omen. International laws governing inciting, ibel and slander should now be brought efore the United Nations to prevent wars.

William Mitchell
Vancouver, B. C., Canada

I call your attention to the article "Lucky uciano vs the UN" in your August issue. his article, with pictures—especially the ne showing the smirking, self-satisfied ucky and the well-pleased press (let us ope, not Americans) is a disgrace to our publication. It could happen in a ird rate notoriety-seeking yellow sheet; is inexcusable in your magazine.

If unthinkably low criminals of this ort cannot be reached by existing laws, new law should be provided for them.

Mrs. W. L. Lavering
Sussex, Wyoming

Your great interest in world doings robably makes you, also, sorry that the N has given up its Crusade for Children, hich I believe should be carried along r our needy world children indefinitely. ur children are our world's greatest asset. we want a free world and world peace, our poorest children the world over must be fed, trained and educated.

We turn out guns to kill, why not turn out splendid world citizens instead?

Ida M. Keigwin
Colchester, Connecticut

United Nations International Children's Emergency Fund assures us that it is very much under way, not only in this country but also in 15 other countries, and that the world report on UNICEF will be made to the General Assembly during its present session. Canada is now in the midst of a nation-wide campaign. The US committee for UNICEF, comprising many prominent citizens, is undertaking an educational campaign to raise funds.—Ed.

In July's *Reader's Digest*, I read a very interesting item called "You're Welcome," condensed from UNITED NATIONS WORLD. How nice it was to know that someone extends "thanks" to the American people for their many kindnesses not only to the English but to *all* mankind. Everyday one reads or hears about dollars for this and dollars for that. But sincere kindness and generosity cannot be bought with dollars; it is a gift from God. So from my heart as a mother of four children, I say "Thank You and may God bless all the American people."

Mrs. Ann Maltby
Dunkerswell, Devon, England

UNW is a fine magazine and I wouldn't be without it, yet it seems to me it dwells a little too much on governments, economics, political science, treaties, trade agreements, military information, etc., of nations and not enough about the men, women, children, family structure, customs, religion, home life and dreams of the future, of these *people* of the nations. Individual John Does are interested in the John and Jane Does of other nations.

India, for instance, is a country of great interest to me. I have traveled in it for over a year and still correspond with several of her citizens. Yet I never see in print the stories of the little people of India and their doings in everyday living . . . An Indian once told me that, other than the Taj, Gandhi (when living), teakwood, tigers and turbans, Americans know little of India. In so many ways he was right.

Dr. Walter W. Stiern
Bakersfield, California

NITED NATIONS WORLD, October 1949, Vol. 3, No. 10. Published monthly by U.N. World, Inc., 510 Madison ve., New York 22, N. Y. Entered as second class matter August 2, 1948, at the Post Office at New York, N. Y., nder the act of March 3, 1879. Price: 35 cents a copy, $4.00 for one year, $7.00 two years, $9.00 three years. oreign postage outside possessions, Western Hemisphere and Spain, $1.00 a year. Printed in the U.S.A.
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Letters *continued*

Sixty Seconds for God

Soon after publication of the survey "Should UN Sessions Begin with Prayer?" (UNW, August), the UN Special Committee on Methods and Procedure approved the suggestion for 60 seconds of silent meditation. Comments by UNW readers continue to pour in. An early sampling of letters appeared in our September issue; a final cross-section of correspondence on this subject is printed below.

I sincerely believe that the US Government, its public schools and the UN organization should be free from the interference of any religion and prayer. These three institutions were created, I think, with the purpose of conducting materialistic business.

Hats off to George Bernard Shaw: "The watchword should be 'Get to Business'."

A. Alvarez
Santa Fe, New Mexico

We as Christian Scientists certainly believe in prayer. When people pray together they are sure to work in harmony with each other. The UN certainly should start their meetings with a prayer to God for guidance, then they will be led to the right solution of all their problems.

Mr. and Mrs. Edward B. Hankins
Pasadena, California

Delegates who would link religion with world affairs do not know their important duty in the world. They don't know the difference between world rules and personal beliefs, and therefore may do as much harm to the world as they mean to do good.

If religion is kept out of government affairs in any democratic nation in order to keep that government impartial to all citizens, how could it be tolerable to insert it in a group of nations embracing the whole world? Such a step would be so absurd that I would say to those who want it the same thing the Kaiser told his Ambassador at the beginning of World War I—"Claim sick and go home."

B. Gambarini
Alameda, California

I strongly believe in religious freedom for each and every individual in this world of ours. I want mine and I wish to do for another as he should do for me. At a time when it is so important to have this help from God, a silent prayer—so that each in his own way can ask for divine guidance—would be a wonderful idea.

Mary Louise Roos
Lexington, Massachusetts

Alfred Lord Tennyson aptly expressed my opinion on a 60 second prayer or meditation period before UN meetings when he says:

". . . For what are men better than sheep or goats
That nourish a blind life within the brain,
If, knowing God, they lift not hands of prayer
Both for themselves and those who call them friends?"

Theresa Dierkes
Pasadena, California

It is difficult to designate one definite form of prayer for all religions represented, but I do believe that a period of silence, even by Atheists . . . would without doubt make all members really united during the "meditation."

Elsie Capozzi
Rye, N. Y.

Why all this hesitancy concerning the greatest asset toward the success and general welfare of the UN? . . . This is no question for approval or disapproval of men; what is to be considered is God's approval. . . . Silent prayer avails much. Let's have it!

Mrs. B. T. R. Stabler
Baltimore, Maryland

You state requests for prayers came "mainly from Americans." How characteristic! A prominent member of the Catholic hierarchy recently made the public statement that there were over 80 million in the US who have no knowledge of God. This leaves less than 60 million who, presumably, are church members, at least nominally. Of this minority, probably considerably less than 25 per cent regula indulge in prayer privately. In ot words, not over 10 per cent of total US population are regular lowers of this ancient superstition it suggested that the other 90 cent, plus most of the remainder the world, should be annoyed w such nonsense?

Ira D. Cardiff
Yakima, Washing

If proof were needed that no o nipotent power governs the affairs this earth, it would be from the f that, of the billions of prayers utt ed, not one has been answered. T is why prayers and meditation sho not be tolerated by the UN. . . . l us all try to get rid of all decepti and fraud . . . and make appeals men and women of courage and u derstanding to solve our proble and to make this world a better pla in which to live.

Victor Herrm
Butte, Montan

It seems to me that the enclos prayer, attributed to St. Franc could satisfy all, even an atheist agnostic:

"Lord, make me an instrument your peace,
Where there is hatred, let me s love,
Where there is injury, let me s pardon,
Where there is doubt, let me s faith,
Where there is despair, let me s hope,
Where there is darkness, let sow light,
Where there is sadness, let me s joy.

O Divine Master,
Grant that I may not so much s
To be consoled as to console,
To be understood as to understan
To be loved as to love,
For it is in giving that we recei
It is in pardoning that we are p doned,
It is in dying that we are born eternal life."

E. Turcott
Milan, Ita

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Note: In our August issue we credited the cartoon "Weatherman Stalin," from *Elseviers Weekblad* to a mythical person called Kobe. The correct name of the artist is Doeve. He is with C. Thole, Holland's outstanding political caricaturist.

United Nations
WORLD *Magazine*

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Convalescent Europe Is Feverish Again

Inside Stories on the New Crises:

1. ***Shock of Devaluation***
2. ***Tito-Stalin Struggle***
3. ***Inflammable Greek Frontier***
4. ***Suspicion of Adenauer's Germany***
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Europe's Money On the Merry-Go-Round

Still reeling under the shock of the 30 per cent devaluation of the British pound sterling, the Continent's statesmen and businessmen wonder whether the US government perceives fully the political implications of this act, presumably sanctioned and aided by US Treasury and State Departments and the ECA.

It is pointed out that if devaluation brings inflation to Western Europe, it would wipe out the anti-communist gains scored during the past two years. The effectiveness of the Marshall Plan is called into question if only because—after 24 months of operation—it failed to prevent this body blow to Western Europe's economy.

The idea of European unity as exemplified by the Strasbourg session of the Council of Europe has suffered a grievous setback. The very fact that Britain in devaluating the pound acted alone and without consulting other members of the Council violated the underlying concept of that unity of purpose and action which the Council is supposed to symbolize.

The majority of Western Europe's financiers, industrialists, exporters and economists, whether inside or outside the government, tend to believe that ECA Chief Paul G. Hoffman is too optimistic in viewing devaluation as a device for expanding intra-European trade. It may help a little, but not as much as he apparently expects, since in their opinion many products will be "priced-up."

In order to thwart currency jugglings to achieve a more advantageous position in world markets, European statesmen are urging the US to consent to an international guarantee of currencies which would put a floo and a ceiling under and over what particular money unit could buy, a home and abroad. Unless this i done, it is feared that further deva uations will occur in a scramble t "adjust" one currency to another.

Key European observers are con vinced that still larger infusions o US loans and goods and technique are required if Western Europe' economic health is ever to be re stored. They are also convinced tha the US will increase its gold pric within a year. Even more importan ly, they are convinced of the need fo a US-European economic genera staff to coordinate more efficientl production, trade and fiscal meas ures; and a World Economic Confe ence to provide the framework with in which the global exchange o goods can be forcefully stimulate and permanently stabilized.

Can Tito Be Ousted Without a War?

A special report to UNW by Vernon Bartlett, Diplomatic Correspondent of the London "News Chronicle."

BELGRADE. (BY WIRELESS) IN THE world today there is only one country where there is real, imminent danger of war, namely, Yugoslavia. There is no other country about which clear thinking and clear speaking is more important. Otherwise war might break out because one side thought the other was only bluffing. If the Russians believe the West would be unwilling to defend Yugoslavia in the event of a military action, this idea must be dispelled. Yugoslavia is a member of the United Nations, and, though communist, has as much right to protection as Britain or France would have. Moreover, the United States and all other UN Powers would inevitably be drawn into such a conflict.

It is certain that the Russians do not desire war. They know too well their own military weaknesses and the unreliability of the buffer states between the Baltic and the Black Sea. Had they hoped to gain anything militarily, surely they would have struck at the beginning of the Anglo-American airlift to Berlin, which was the first proof that the Western nations were prepared to make no further concessions. Since then there have been progressive steps for strengthening Western Europe, culminating in the military clauses of the Atlantic Pact. But one handicap to regional alliances is that they diminish belief that it would be dangerous to attack a country which is not covered by them. There are particular reasons why Russia might desire to attack Yugoslavia and believe it was possible to do so without starting another World War.

It would be not only the greatest tragedy but also the greatest crime if Westerners failed to make clear their determination and obligation to employ sanctions in the event of aggression. That reproach was made with reason against Britain in the first World War. Even the British guarantee to Poland a decade ago was not taken with sufficient seriousness by Hitler. There must be no such uncertainty henceforward.

Why might the Russians now take risks they hesitated to take in the case of Berlin? How can Westerners discourage them from taking such risks? Everything turns on the fact that Tito is a convinced Communist and has been so for thirty years. He would doubtless be much more acceptable to Westerners if he were less communist, but by the same token he would be much less able to check exaggerated Russian ambitions.

I have recently visited Yugoslavia, Bulgaria, Hungary, Czechoslovakia, and Poland. It is my firm conviction that Soviet domination of these regimes will disappear within two years unless Tito is liquidated. In each "satellite"—and I put the word in quotes because these countries are secretly far from the subservience the Russians desire—there are some leaders who are both Communists and patriots, and who are bitterly depressed by the degree to which Moscow expects them to subordinate national interests to the interests of the Soviet Union. Every communist leader behind the Iron Curtain suspects every other communist leader, and will continue to do so while Tito's defiance succeeds.

The attempt to overthrow Tito through publication of the correspondence between the Communist parties of the Soviet Union and Yugoslavia failed. It did not shake the loyalty of prominent Yugoslav Communists toward Tito. A second attempt was made in the Cominform boycott which converted Belgrade into the grimmest and poorest capital of Eastern Europe. But the Yugoslavs are now beginning to receive compensatory help from the West. The third attempt, that of fomenting troubles among Yugoslav minorities, especially the Macedonians, is more serious because the Yugoslav-Bulgarian frontier provides excellent opportunities for infiltration. Yet the fact that the Macedonians for the first time form a separate republic inside the Yugoslav Federation diminishes the value of this weapon. Also the Russians must be painfully aware that it is easy to foment *pro-Tito* trouble in Albania, since there are many more Albanians in Yugoslavia than in tiny Albania itself.

Guerrilla warfare is unlikely to succeed in the very near future, and the Russians might therefore decide to resort to a fourth attempt—large-scale military action. United Nations moves to halt this is imperative.

It is obvious that Soviet control of the Adriatic would be unacceptable to the Western nations. Immense encouragement would be given to the Communists of France and Italy if Russia had her way with Tito. Austrian independence would become impossible; the defense of Greece would be greatly endangered. Peace would be compromised as definitely and as uselessly as when Chamberlain and Daladier believed they had won it at Munich at the expense of Czechoslovakia a decade ago.

The collapse of Tito's Yugoslavia would have disastrous results elsewhere in Eastern Europe, where effective resistance to absolute Soviet domination is more likely to come from patriots inside the Communist Party, as in Yugoslavia, than from religious, intellectual, agricultural or even socialist groups, all of them now harassed by the secret police.

Doubtless there will be arguments that the Soviets could veto discussion of an aggression against Yugoslavia before the Security Council. Yet in the event of such a veto Yugoslavia would continue action under Article Fifty-one, which recognizes "individual and collective self-defense," until the Council agreed upon measures for maintenance of the peace. Probably this resort to Article Fifty-one will not arise. But common prudence demands that its possibilities be studied. The frustrated bitterness with which "Muscovite" communists east of the Iron Curtain refer to Tito is greatly alarming.

There is no hope of genuine peace, first, until the leaders of the two camps into which the world is unfortunately divided know the exact limitations of their territory. These limits are still not precise in the Far East, the Middle East and the Balkans. Just as the fact that Tito is a Communist alarms many Westerners,

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State of the World *continued*

so the fact that he is a Communist but non-Cominform alarms the Soviets.

Secondly, there cannot be peace if the police state system expands. Such expansion would be immensely encouraged if Tito were overthrown, for this would inevitably be followed by ruthless intensification of Soviet domination. Thirdly, the danger to peace is not Communism, but the misuse of Communism as an instrument of Soviet imperialism. This is insufficiently realized by Westerners.

Albanian Frontier: Ignition Point

The French and British foreign offices and the UN Balkan Commission are deeply disturbed by the escape of 9,000 Greek guerrillas to camps in Albania. For should guerrilla warfare eventually precipitate open conflict between Greece and Albania, it might easily involve the East and the West.

The real danger lies not in the size of this force of desperate insurrectionists, which is small indeed in relation to the Greek army—but in the fact that there is no apparent way for Greece to come to terms with them once and for all except to follow them across the border. This Greece has been strongly advised not to do, but the impatience of the Government is growing as it sees the need for immobilizing large numbers of troops in the north indefinitely, in order to prevent the raids that have terrorized large areas.

Government forces could easily wipe out the remnants of the communist bands. No longer are the Greek guerillas to be considered as a serious adversary.

The Greek army and its leaders are conscious of their new strength. The regular army numbers 135,000. It is equipped with the most modern American weapons and has also about 100,000 trained reserves. The US weapons employed in Greece lately are more up to date than those used during World War II. Greece has thus become the proving grou for experiments in action with th latest weapons. Furthermore Greec has been rebuilding its roads (almos completely destroyed during th war), its harbors and its canal Transportation is now excellent, con munications perfect.

As a fighting force, the Gree army today is among the best in th world. Its men are the only ones i the world who have had ten years uninterrupted training, during th periods of war, of the resistanc against the German occupants, an the postwar struggle against th guerrillas. Conscious of this strength Greece has little desire to negotiat with Albania concerning return o the Greek guerrilla fugitives. Sh would like to go in and clean them out, and is convinced that withou intervention she could defeat Al bania in two months, or less. She i confident that Yugoslavia would no intervene, and that Albania woul thus be completely isolated.

European diplomats foresee that i Greece should violate the Albania frontier, Bulgaria, and afterward the other Soviet satellites, would seek to invoke the mutual aid pacts b which Yugoslavia is still formally bound to grant right of passag across its territory for forces going to the defense of Albania. If Yugo slavia refused to live up to these pacts, they would march against her

A large part of the frontier be tween Greece and Albania is forme by the Grammos Mountains. Th topography of these gives an im mense strategical advantage to thos fighting from the Albanian side The mountains slope off gently int Albania, but drop in sheer, shar ranges into Greece.

In spite of superior equipmen the Greek army suffered heavy losse in their recent show-down fighting with the guerrillas at the frontier since the latter were able to com mand the heights. The Greek Gov ernment is unwilling to face a situa tion in which this would have to b repeated again and again. It consid

ered an ultimatum to Albania demanding that she turn the guerrillas back from her territory. Later, when the guerrillas had withdrawn into Albania, the Greeks wanted to pursue, but the London and Paris chancelleries warned Vice-Premier Tsaldaris against such action. The Whitehall warning, in particular, carried weight, but the gravity of the situation has not been relieved.

Although in Albania frantic preparations had been made to receive the 9,000 guerrillas, the desperate economic situation within the country makes their maintenance for any protracted period almost impossible. Accordingly there is fear that they will again launch raids into Greece.

The situation is complicated by the fact that the Tirana Government, as the French Minister—the only Western diplomat in Tirana—reports, is unwilling to check the 9,000 insurrectionists for ideological reasons.

New Watch On the Rhine

In a move to give their production a crushing lead over those of Western Europe German industrialists will start using 200 major "secret" patents, which were held back from the Allies on January 1, 1950. The patents are in the important fields of chemicals, printing, synthetics and machinery. Britain is most threatened by the new development, but it will be felt with perhaps drastic results in all the countries now trying to rebuild their economies through revival of foreign trade.

The revolutionary patents will help German manufacturers to recapture rapidly the superior export position they held in pre-war days, when at least 80 per cent of sales abroad were non-agricultural products — machinery, chemicals, textiles, metal products, electrical equipment.

The problem of fitting into the international trade pattern, either within Europe or overseas, of 2½ to $3 billion dollars' worth of German exports, exclusive of coke and coal, will be a new major problem that US and Europe will have to face.

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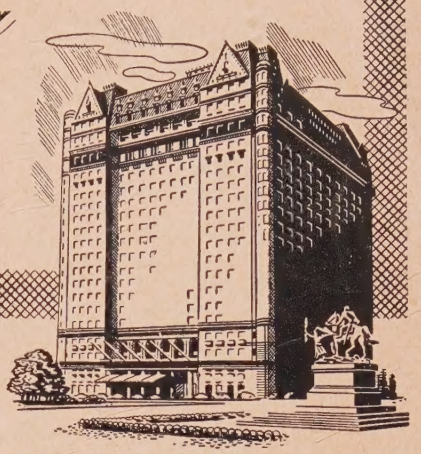

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State of the World *continued*

Western Germany's production in 1948 had reached nearly 80 per cent of its 1936 level, whereas her exports were only 1/6 those of pre-war days. The new move will serve to give her immediate competitive advantage.

While this fast play in the economic field causes grave concern, there are other aspects of the German resurgence that are again frightening Europe, particularly France. Chancellor Adenauer has a bad press and is mistrusted and even feared. The exclusion of the Socialists from the present coalition government and his open alliance with the extreme right is sharply criticized.

The truth is that Adenauer never made an offer to Socialist Schumacher to join his cabinet, but defied the discreet advice indirectly offered by the British and French that a broad coalition be formed.

Adenauer's first objective is to push ahead with intensive industrialization. His second is a progressive reduction of Allied influence. The third is to incorporate into the new Germany the German refugees from the East, which would mean a further strengthening of the right. His fourth aim is to achieve de facto international autonomy, with participation in international technical conferences.

Adenauer's government is comparable politically to the pre-Hitler Papen and Schleicher governments.

The general feeling is that the new Germany will play a double game politically opposing Russia, economically trading with her.

Western Europe stands to be greatly weakened by the economic emergence of Germany. Since Russia opposes a strongly industrialized Germany, the Communist parties in Western Europe have gained a trump card because of the fear of Germany that exists.

It is estimated that in 3 to 5 years Germany will be the first industrial country of Europe, with fanatic nationalism, with police, sport and youth organizations corresponding to an army, and with the Allies completely eliminated. Europeans are already weighing the possibility that the US will not back Europe against Germany as strongly as it would against Russia.

Prices and Tempers Rise in France

France is heading toward a major political crisis. Prices have been rising sharply since early summer, while wages and salaries have remained stationary. The bitterness of the

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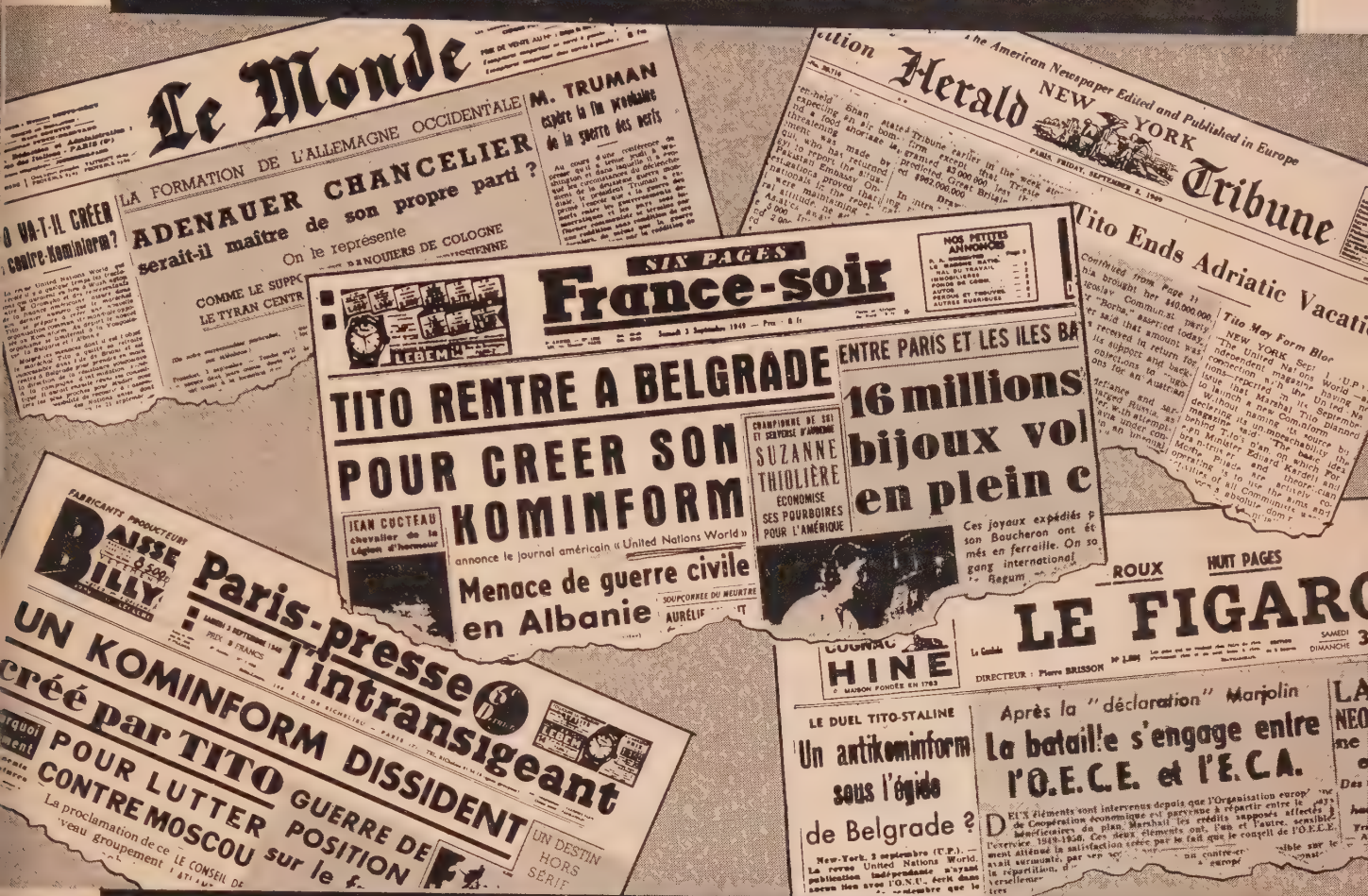

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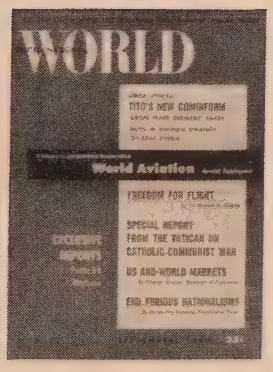

The Paris press, blossoming forth with front-page stories on Tito's preparations for launching a new world Communist movement in opposition to the Russian-dominated Cominform . . . crediting the article called "Tito's New Cominform" in the September United Nations World . . . is the most recent reason why the magazine that regularly cracks world news while the shell's still on is fast becoming the most wanted magazine of world-aware people—everywhere!

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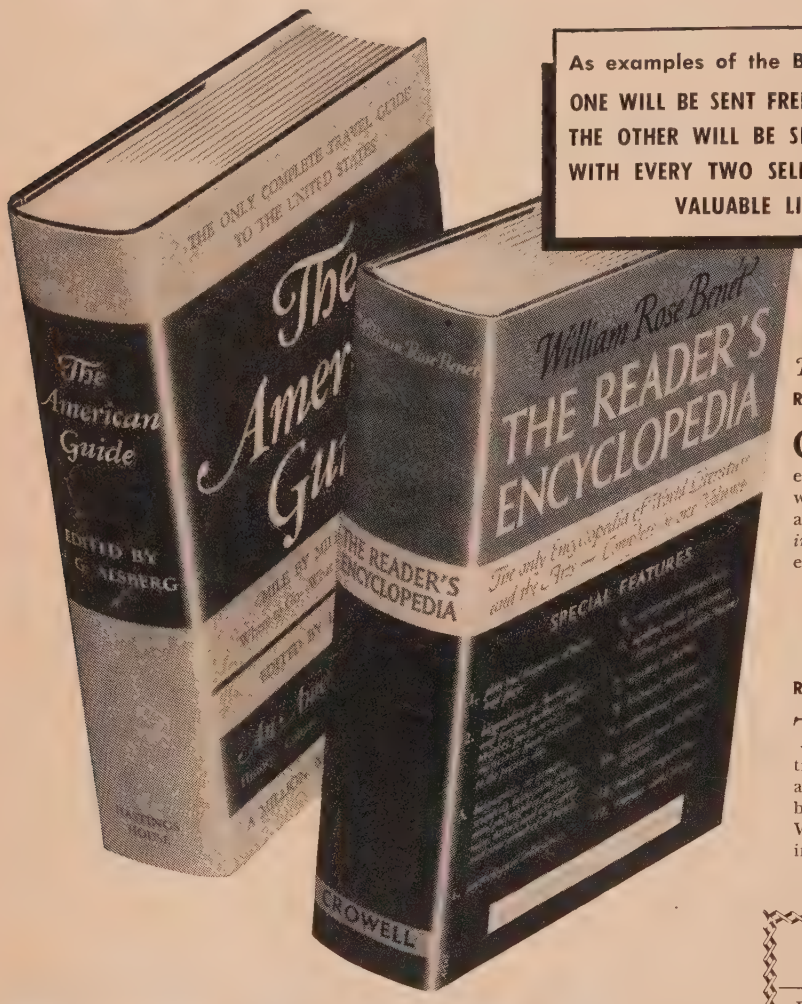

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working people is expressed in such facts as the loss of membership and prestige by the *Force Ouvrière* which was set up to counteract the communist-dominated trade union, the CGT. The government's inability to cope with the squeeze on the little man's budget may force the resignation of Premier Queuille before the fall is out.

Queuille would probably be called on to form a new Cabinet and succeed himself, if the new strong figure, René Mayer, former Finance Minister and free enterprise man, should try to do so and fail. If both should fail, present Foreign Minister Robert Schuman is the most likely candidate. But in any case the middle-of-the-road coalition will continue in power up to the 1951 elections.

The position of the moderate forces has been eased by the fact that de Gaulle has been losing strength constantly. It is expected that his most famous and brilliant collaborator, André Malraux, will desert his party because of de Gaulle's ineptitude and devotion to reaction.

The Communists will remain excluded from participation in any new government. To some extent they are paralyzed by a fear of Titoist defection within their ranks. They are exercising the sharpest vigilance over all important party members. Their hesitancy is manifest in their new tactics. They avoid political strikes and concentrate on building and exploiting various "peace movements," as psychological warfare against the "warmongering West."

Reaction Provokes Action

Leading European Socialists are about to tell Washington that the growing strength of rightist movements on the continent is a tremendous boost to Communism while it undermines the position of the US. They will point out that European political history shows that the working class automatically turns toward the left in the face of reactionary danger. They will urge Washington to wage its peace offensive without linking to it any show of partiality for rightist political parties, lest initiative for a peace movement based on broad mass support be left in Communist hands.

Socialists have lost Belgium, are reduced to a minor position in Italy; are excluded from the government of Germany, weakened in France, threatened in Austria and attacked in Britain. Communists are eagerly telling the Socialists that their losses are due to American rightist pressure. Many Socialists and non-communist trade unionists accept that charge, and repeat it confidentially. They say there is urgent need to convince the Americans that Europe must go socialist, or at least adopt planned economies. They insist that these trends cannot be arrested or reversed, and that attempts to do so by further movement to the right could only lead to communist expansion. In a showdown between the extremes of the left and the right, Communism would win because of the common man's ingrained revulsion to reaction. To identify the US with the rightist cause would be disastrous. It would automatically cut sharply into popular support for all the moderate parties which are today cooperating with the US.

India Leads New Asia

India's new leadership in Asia is dramatically underscored by her recent move to aid Burma in putting her political and economic house in order.

The Burmese government had appealed to the UK for assistance to overcome the discontents that were feeding insurrection. Its Foreign Minister, U E Maung, insisted, however, that the temper of the Asian people was such that direct UK action would be resented. He preferred to see the Dominions take the lead.

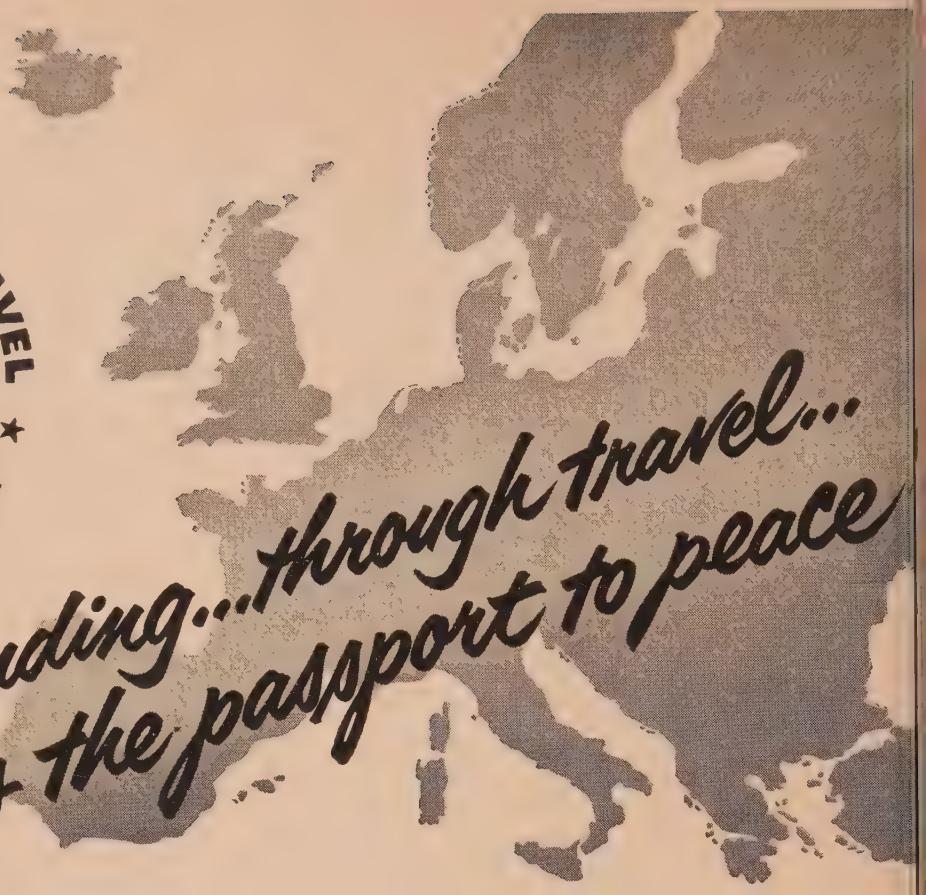
Thereupon India, seconded by Pakistan and Ceylon, called a conference at Delhi to discuss how Burma could be enabled to stabilize its economy. To the round table came representatives of the UK, Canada, Australia and New Zealand. In this instance, as in that of the trouble in Indonesia, India emerged as a pivotal force in forming a common front of Asiatic countries.

Following the Burmese negotiations, Foreign Minister Maung visited the US and the UK and agreed to two major concessions: 1) to stop nationalization of Burmese industries, with postponement of most nationalization for 20 years; 2) closer cooperation with the Commonwealth. His price for abandonment of the previous policy of extreme nationalism was the UK's guarantee to deliver weapons and up-to-date equipment to Burma for use against native rebels and the Chinese.

The situation is serious everywhere in Asia. Communist activities are again on the upsurge. Indonesian Communists are recovering from the severe blows they suffered last year, when their top leader Muso and communist Premier Sjarifuddin were killed. The party has been reorganized and is especially strong in East Java. The state of ferment is not lessened by the activities of two dissident communist parties, led respectively by Tan Malakka and Mohamed Djoni. These are engaged in a bitter fight with the official Communist Party.

In Indo-China the French attempt to set up former Emperor Bao Dai as head of the Viet-Nam government has ended in total bankruptcy. This experiment only strengthened the revolutionary faction advocating secession from the French Union. It is expected that the French will take strong military measures and will bar any further concessions to nationalists.

The only ray of hope in all this turbulence is that Nehru's coming visit to the West will lead to agreement on democratic strategy for Asia. (For Nehru's economic objectives within this strategy, see page 50.)



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UNDERSTANDING . . . THROUGH TRAVEL . . . IS THE PASSPORT TO PEACE

October, 1949

United Nations WORLD Magazine

The Vatican's Conditions For Peace With Communism

By GIUSEPPE DALLA TORRE

CAN THE Catholic Church and Communism co-exist in the same world? People everywhere are asking this question. It points up one of the most momentous problems of our time: under what conditions it is possible to stop the ever more intense conflict between the Church and the USSR and its satellites.

To this query there is no easy answer. For we find ourselves weighing religious and moral values rather than the worth of particular economic and political systems. If, in the latter, the problems are complex, they are even more difficult in the moral and religious domain. Here we must deal with contrasting principles, with different conditionings, and with the delicate task of transposing to a practical plane many questions which are essentially spiritual in nature.

Hence, to lay the groundwork for our answer it is necessary, in the first place, to clarify our premises.

To begin with, the initiative for the conflict between the Vatican and the Kremlin did not come from the Catholic Church. When Communism arrived, the Church was holding its traditional place in world affairs. The trouble began when the Church found that it had to defend itself against communist onslaughts. Its relations with the various states in which today it is being attacked were based either on concordats as in Poland, Rumania, Lithuania and Latvia; on a *modus vivendi* as in Czechoslovakia; on freedom of religion as in Yugoslavia, where, even though the concordat was never ratified, the Church still enjoyed adequate guarantees; on unwritten statutes and precedents in Hungary; or, finally, on freedom for missionary activities as in Albania.

In these countries, therefore, there was either collaboration between Church and State, or a separation of functions mutually respected, but never conflict or systematic persecution.

With the advent of Communism, with its unity of aims and discipline, as embodied in the activities of the Cominform, always under Moscow's control, the entire situation changed. Certainly, it did not change because of the work or willingness of the Church which aimed only at conserving its position within the various nations, if only because it could not hope for anything better. The situation was changed by

Giuseppe dalla Torre, Conte di Sanguinetto, has been editor of the official Vatican organ, *L'Osservatore Romano*, since 1920. Sixty-four and a Papal Chamberlain for life, Count dalla Torre is one of the world's most authoritative and respected journalists.

THE FAITHFUL AT ST. PETER'S

the acts of the new communist regimes in accord w
their own political principles and system.

In the first place, what are these principles? Comm
nism conceives the life of man in society as based on n
religious and non-Christian inspirations and doctrin
The thought and the habits with which it seeks to perme
its "new civilization" are atheistic and materialistic. It
positively anti-religious on two counts. It perceives
religion in general, and in Christianity in particular—
cause of the latter's laws of charity and forgiveness, a
compensation after death for sacrifices endured in life
an obstacle to the immediate social and economic
mands which Communism puts forth. Then, too, the Chur
is vigorously opposed to the methods of violence whi
Communism uses to impose its claims. Thus, for Comm
nism, religion is synonymous with reaction. God is
enemy. The various faiths are hostile forces which t
world must defeat and eliminate.

In the second place, what is this political system? Co
munism is totalitarian both in philosophy and practic
Its conception of the State does not differ from that of a
other dictatorship, fascist or nazi. But its idolatry of t
State is not confined to absolute control over the minds
men in a single country. Rather, the State apparatus,
nations like the USSR, is a medium through which
establish communist societies in other countries.

In the third place, it should be pointed out that the an
religious program and deeds so violently carried out du
ing the first phases of the Bolshevik revolution later di
down. Thus active strife ceased for a time and peace w
established between the State and the various churche

However, the original anti-religious program was nev
really abandoned and the peace was but a tempora
truce. Communism has never renounced its atheistic a
materialistic premises. In the USSR, despite agreemen
with the Greek Orthodox Church, an inquiry last fall di
closed that, after thirty years of the communist regim
youth no longer feels a need for religion, is indifferent
the problem of faith and has stopped going to church.
the satellite countries where the governments still mai
tain official contacts with the national church and oth
religious denominations, the State is not simply secula
as in France or the United States. It is "activist" in t
sphere of anti-religious propaganda and teaching in ord
to add to other preparations for a communist tomorro
the mental moulding of atheism.

In Eastern Europe, the various regimes are not enga
ing in violent persecution, as was the case in the Bolsh
vik revolution. They are facing political and economi
difficulties and any flare-up of religious clashes woul
further intensify these difficulties by arousing the antag
nism of the faithful. These governments therefore plan t
take their time. Their strategy is to convince the religiou
conscience, reared in the old faith, that religion and Co
munism can live together—without renouncing the co
munist aim of building a future anti-religious societ
This scheme can be carried out the more easily and wit
less danger to communist purposes because religion, lik
everything else, is now subordinated to the State. All t
denominations and their clergy are subjects of the Stat

They thus must accept the direct control of the government through its Ministry of Religion. These conditions cannot be accepted by the Catholic Church—not because of its particular interests but because they violate the very foundations of the Church's existence.

For Catholicism believes in the divine mandate of the Church to evangelize the world. Its faith is a faith that carries a civilization: the Christian civilization. Today Western civilization, whether or not it proclaims this character, considers itself as a Christian civilization since it is actuated by Christian principles from which were derived the most solemn human and political aspirations and actions during and after the war: peace, reconstruction, and collaboration among peoples. The Catholic Church cannot renounce these affirmations, nor its own mission to defend religious and civil rights. In this task, the Church sees a reason for cooperating with governments but never a reason for fighting with them. Conflict comes when the State develops a non-religious, non-Christian civilization, as in the communist State.

The Catholic Church has never accepted and cannot accept the subordination to the State of religion and of human conscience. The Church thinks that collaboration between the religious and secular powers is the most just and the most beneficial system, because Christianity is not only a religion but also a civilization, and religion in itself is not exclusively an individual but also a social phenomenon. But if there must be a separation between temporal and spiritual authority, the reciprocal independence and freedom of the State and of the Church must not inhibit or limit the practical cooperation of the Church for the common good. On the other hand, what is inadmissible to the Church is the dependency of the Church upon the State, the Church made into an instrument of the State.

Finally, the Catholic Church is universal and unitarian. Its clergy in the various countries give obeisance to a supreme power which is transmitted to it by the gospel through the authority given by Christ to Peter and his successors. It is the Pope who for the past twenty centuries has exercised this authority accepted by all the bishops and the faithful.

Whenever a State, putting the Catholic Church in the same category as other denominations, whose clergy is autonomous and self-governing, refuses to recognize a superior spiritual authority because it is outside of its jurisdiction, it not only hinders the freedom of the Catholic Church but denies its organic structure.

A State commits the same error when it fails to recognize the right and the duty of the ministers and of the faithful of the other denominations to be guided by their respective bishops, metropolitans and other leaders.

These truths are not transient, but permanent. They are not momentary sources of friction between the Church and the so-called people's democracies within the Soviet orbit. Hence, it is clear that it is absolutely tendentious for exponents of Communism to justify aversion to Catholicism and the Holy See on the ground that the latter is reactionary or in alliance with anti-Soviet economic

THE FAITHFUL AT THE KREMLIN

Vatican's Conditions *continued*

and political interests, or is an accomplice in the dreaded preparation for a new world war.

The Holy See and the Church have always denied these calumnies and time and again have proven them to be utterly baseless. If the Catholic social doctrine condemns the social doctrine of Communism, it also opposes the plutocratic regimes, the tyranny of money and the wicked exploitation of labor. The Catholic Church is against any conflict among peoples. The principles of the brotherhood of man, and of making and maintaining peace are characteristic ideals and practices of Christianity. But apart from everything else, the accusations are nothing but pretexts to delude the people into believing that to fight Rome is necessary because the Church combats Communism not for religious but for political reasons.

In view of all this, is it idle to inquire what conditions would permit peaceful co-existence between the people's democracies and the Catholic Church in a way similar to that which prevails in democratic states even when they are socialist? Would such a peaceful co-existence be impossible to achieve under any circumstances?

This paramount question should be addressed to Communism and not to the Church, which during its many centuries has lived and functioned amid a multitude of diverse and adverse regimes, from pagan to heretic, in Moslem as well as in purely secular countries. The Church on its part has thus already answered such questions by the examples of its past. On the other hand, Communism has yet to reply.

However, we need not refer to history those who ask the Church what precisely are its minimum requirements for peace with Communism, for both reason and evidence can answer in the clearest and most cogent way.

The necessary conditions for the Church are those which guarantee to it the ability to live. And for any religious entity or organism to live means to be able to function in accord with the articles of its faith. This means that for the Church the indispensable minimum is freedom.

Of course, everyone protests that he understands the idea of "freedom" but when it comes to applying freedom, there is very little agreement. There is the freedom of the liberal democracies and the freedom of the people's democracies. The freedom of the West and of the East are at the antipodes morally and politically, just as geographically they represent two parts of the world. In the very field of religion, there is "freedom of worship" and "freedom of religion" which evidently are not the same thing since Communism speaks of the one and not of the other. It affirms that everywhere it guarantees the freedom of worship but it never makes reference to freedom of religion—and for very good reasons.

"Freedom of worship" is just that and nothing more. It refers to the act of honoring and adoring God, to the prayer, to the divine service, to all that takes place in the inner conscience and within the walls of the church."

"Religious freedom" includes the "freedom of worship" but goes beyond it. It extends to the "freedom holy ministering," of instruction, of organization, of propagation of the faith, of contact between the faith and the clergy of every denomination, without hindran It also includes the freedom to adopt the most effici means and ways accorded to all social institution whether cultural or political—namely, freedom of spee of press and of association. The simple "freedom of w ship" can lack all these. It can in fact be very far fr "freedom of religion," since it can be confined to the clusive relationship between the conscience of the belie and the divinity, and to rituals subject to State cont This is exactly what happens under Communism.

Now the minimum that the Church asks is not and c not be less than "religious freedom" which is the freed necessary for religion to exist. It is not merely that fr dom of worship which is the freedom to die with death of the last believer. This limited freedom mer fulfills peacefully, instead of violently, the commun aim to eliminate the religious factor and to be able claim at the same time that there is no persecution religion.

Meantime, to come to a concrete conclusion, the Ca olic Church asks from the communist countries neitl more nor less than it asks from other countries wh separation between Church and State exists. This mea that in addition to the civil and economic rights which the basis for all private and public activities of any ganization, the following five privileges should be lega established and respected:

1. Freedom of worship and of the administration the sacraments.

2. Freedom of evangelization and of proselytism.

3. Freedom of religious administration: the right the Church to nominate priests and bishops; to maint communication among the faithful and the priests, t priests and the hierarchy, the hierarchy and the Holy S

4. Freedom of religious instruction and of the Chr tian school.

5. Freedom of the means of dissemination of the fai of defense, and of affirmation of the thought and the m sion of Catholicism before public opinion—in short, fr dom of Catholic speech, press and action.

I think that in America, where all this already prevai this position will be perfectly understood. What will difficult for Americans to understand is how, in our da the validity of this conception can be denied anywhe under the pretext of protecting the State from ecclesias cal domination. In the United States, precisely becau there is full freedom, a danger of this kind has nev existed and has never been feared. I believe that in Am ica it will be clearly seen that wherever the vital and e mentary principle of religious freedom has not been co ceded, the Church is not the aggressor but the attacke It is the Church—not the State—which is compelled defend itself, and it is the Church that asks its natural a civil rights. And it is Communism and its people's demo racies which today are denying the Church these righ

The Ring of Hate Around Germany

Poles, French, Belgians, Czechs never forget

By THEODORE H. WHITE

EUROPE is the name of a civilization which, for 2,000 years, has been trying to absorb the wild energy and furious ability of the German people.

The German people are at once the most hated and most needed community on their continent.

And it is the conflict between dread and need in the minds, the memories and the subconscious of Germany's neighbors which for five years has paralyzed all effort to make peace in Europe.

In the past generation Germany has invaded and sacked every one of her neighbors (with the exception of Switzerland) at least once and usually twice. Germany is thus fringed not by peoples who have learned of her national character from textbooks and the word of returning travelers, but by peoples who have sheltered German orphans after one war to see them return as spies and scouts in the next; by people who have heard German spoken in their homes and market places not in friendship and visit but in curse and command; by peoples, finally, who know Germany not from personal experience alone but from the wars of their fathers and grandfathers.

Hate underlies the emotions of Germany's neighbors as bed-rock underlies top-soil; for on every quarter of their compass the Germans have sealed the memory of their acts to geography with physical monuments. Three cities come to mind—Budapest, Warsaw and Lyons, all of which I saw in a six months' space, as different in texture as the languages spoken by their citizens and the cultures that nursed them. But they frame themselves as one in memory because a river runs through each of the towns and into each river dip the bridges the Germans destroyed. All these bridges were wrecked not in high-noon of combat but in the ebb tide of defeat when Germans could gain nothing more than the discomfiture of peoples they had already sacked. The broken stumps and girders which dangle in the Danube, the Vistula and the Rhône all bear the same trademark, and it will be a full decade before the dwellers of these towns can cross their rivers as they did before the German visitation. Whether it is in Hungarian, in Polish or in French, the words they mutter lining up for crowded ferries have the same sound.

Destruction is monotonously similar on all frontiers of the new, clipped Germany; but the neighbors of Germany all keep fresh the memory of war with new monuments which differ in quality as sharply as the personalities of the bordering states.

A chapter from the forthcoming book, This Is Germany, *edited by Arthur Seitell. (William Sloane Associates)*

Hate Around Germany *continued*

In an orthodox Communist state, like Poland, the wound is commemorated as a great collective hurt by such stupefying monuments as the bronze memorial in the Ghetto or the museum at Auschwitz where the endless silent bins of human hair, the babies' boots, the tons of leather suitcases, the mounds of wrenched eyeglasses, testify to the three million people who were butchered there by German officials acting for the German state.

In France, a western and individualist nation, hate is enshrined more personally and simply, and scattered in plaques of marble in every department of the land. It is a marble plaque opposite the grocer's store in the village in Burgundy which always has flowers pinned to it; and the grocer tells how, against that wall, the Gestapo always shot the local Resistants. It is something you stumble on when you go on a picnic in the countryside, in the tall grass beyond the apple tree, almost hidden which says, "*Ici fût sauvagement assasiné par les Allemands Robert Martellau, le 19 août 1944—Agé de 17 ans.*" And fresh flowers grace the plaques from early spring to late fall.

I stress this hate that rings Germany round for many reasons—because the Germans surrounded by their own ruins and drenched in self-sorrow, have all but forgotten it; because in the United States of America, never occupied by the Germans, people have forgotten that in places like Paris and Warsaw, Germany is a more frightening menace than Communist Russia; because this primordial, remembered dread of Europe's people for their German neighbors must always be balanced by Europe's leaders against that which they can so clearly see from the high vantage point of statecraft—the continent's aching need of a healthy, functioning German economy.

The need is simple to describe; the last hundred years of industrial development and progress in Europe made Germany the keystone in the arch of European well-being. Germany was a workshop of thriving, ingenious craftsmen who ate the foods of Holland, Denmark, Hungary, Poland and Rumania, and paid back in machines, tools, medicines, dyes, electrical wares, cameras, and all the intricate gadgets without which modern civilization cannot function. Germany was a brute source of prime materials—of coal, of potassium, of steel. Germany was a turntable, a complex of mines, rails, waterways and transportation facilities that controlled the flow of all goods from the Black Sea to the Bay of Biscay. Dutch ports thrived because German factories smoked and pumped commerce down the Rhine; Dutch artichoke growers prospered because the coal miners of the Ruhr liked artichokes; from Warsaw to Bucharest, when men and women grew ill, they turned instinctively to German medicines and pharmaceuticals. One-third of French steel production depended on German coke; and the Lorraine ore magnates grew rich on their sales to Ruhr steel barons.

Germany stood halfway between East and West, buying in a good year like 1928 almost forty per cent of Eastern Europe's exports and supplying thirty to thirty-five percent of its imports. It was a broker, merchant, transfer agent and equalizer between Europe's civilized West and the industrially backward East in much the same way that Great Britain acted as transfer agent and broker between the continent as a whole and the outside world.

* * *

It might have been possible to rebuild Europe after the war by constructing an economy in which Germany played no important part. But on moral, political and above all on economic grounds, it was decided to put together the old pre-war European jig-saw as quickly as possible. Today, the adventure is so far along that it is impossible for Frenchmen, Dutchmen, Danes — and probably Poles, Hungarians and Czechs—to be reasonably or quickly prosperous unless Germany is too.

The only question therefore, for all Germany's neighbors is: on what terms should Germany recover, what safeguards shall be taken, what reparations are to be exacted?

FRANCE: A woman in black, and a hea of rubble that had been a city of 120,00

No nation in Europe, however can now think of terms with Ger many as a simple variation on thi familiar and insoluble formula o hate versus need because they mus ponder over the new element in Eu ropean politics—the power rivalr between the Soviet Union and the United States.

It is best to study what these giant want for a moment, then, before ex amining the opinions of Germany' neighbors whom they control.

The American thesis, very simply put, is that Germany will be safe only if democratic; democracy can thrive only among people who are well-fed, well-clothed and well-employed; that finally such prosperity depends on the re-establishment in Germany of free private enterprise as we have known it in America. This

is the bold public thesis and, although it is sincere, it carries with it two less elevated footnotes—the first is "let's get Germany off the taxpayers' backs as soon as possible;" the second is "if we've got to fight Russia, let's have the Germans on our side this time."

The Russian thesis is straight Marxist analysis and directly contradictory: Hitler was the creature of German monopoly capital, which (in their opinion) is the end result of precisely that German private enterprise which America seeks to recreate. Ultimately, only a Communist revolution can make Germany safe but for the present Russia is willing to settle for two things: first, a good sizable share of reparations for the untold billions of destruction and millions of murders Germany committed; second, a cast-iron right of veto over the entire German nation to prevent them from taking any action contrary to Russian interests. Soviet Russia has sponsored a strongly centralized Germany partly to compete with America in propaganda appeal, principally because a centralized government is the most easily controlled from above.

Neither Russia nor America has been able to sell its ideology to its satellites and a trip around the borders of Germany provides some interesting variants on the two master themes.

The little countries of the northwest—Belgium, Denmark and Holland—have been all but voiceless in negotiations on Germany. All are bound to America for security and their future is tied up with the Atlantic power bloc. Although these states want protection, they are by far the most dependent on the German economy; their own recovery is virtually impossible without prosperity along the east bank of the Rhine.

France is bound to the western power bloc by the traditions of democracy, the need of American aid, and fear of Communist Russia. The French, however, fear the Germans far more than they do the Russians and in their eyes, America, their patron, has proven itself naive and unthinking. The French have advanced three favorite ideas since the war. The first was to split Germany into harmless little states, returning it to *status quo ante 1870*; the second was to internationalize the Ruhr, detaching it from Germany; lastly, to occupy it for a generation while democratic teachers decontaminated the militaristic spirit and tradition, starting their work on the grade school level. All three have been rejected although French insistence has forced the West to agree to certain technical precautions in the Ruhr arsenal.

The Swiss are probably the only ones of Germany's neighbors who regard her with an attitude devoid of moral judgment. They have fought a bitter rearguard action against American efforts to confiscate Nazi assets in Switzerland for reparations. They see Germany as past and future supplier and customer and the Swiss do business with anyone who can put gold, dollars or Swiss francs on the line. The Swiss fancy themselves as the enemy of no one and consequently are seen by the rest of Europe as the friend of no one.

In Czechoslovakia, the regime has found that fear of Germany is the second most important brace, after the Party apparatus itself, in welding the country to the Soviet bloc. No one in Prague is allowed to forget that it was France and Britain who sold Czechoslovakia down the river at Munich. "After all," said one official, "a country living between a dangerous Germany and a strong

HUNGARY: The broken back of Francis Joseph Bridge—once Budapest's pride.

POLAND: THIS WARSAW STREET SCENE IS ONE OF THE MANY THAT HAUNT THE EMBITTERED SURVIVORS.

Hate Around Germany *continued*

Russia can only make one choice."

Poland, the strongest, most confident and most successful Communist experiment in Eastern Europe, has deviated sharply from official Marxist dogma, for the Poles are almost as unhappy about Russian policy as the French are about American. They, like the French, want a dismembered, split-up Germany across the frontier —but Russia, like the US, wants a centralized Germany. The Poles, like the French, favor a long occupation but they must be silent as Russia competes with America for German favor. Under the surface, French and Poles are close to an agreed solution on Germany.

Two facts shape Polish thinking on Germany: the first is the animal dread, the quiver of terror in their memory of the German occupation. Six million Poles — approximately one out of every five citizens alive in 1939—were shot, hung, cremated, or systematically assassinated by the Germans. The image of this depravity is still so vivid that no emotion of hate for Russia or affection for America can obscure it.

The second fact is that in retracing the map of Eastern Europe, Russia peeled one long sliver off eastern Poland, tacked it to Soviet soil, then repaid Poland by peeling a commensurate sliver off eastern Germany to tack on to her Silesian frontier. This operation brought Poland's frontier with Germany to the Oder-Neisse line, gave her the industrial wealth of Silesia, was followed by the expulsion of several million Germans and their replacement by a Polish population.

There was a time, three or four hundred years ago, when the Oder-Neisse line was the real frontier between Poland and Germany, before the expanding Teutons drove the Poles back to the east. But the Germans now regard this lost territory as the ultimate bitter indignity of the present peace and insist on its return, creating a problem which will plague Europe for years to come.

The Polish attitude to all things German rests on the question of the frontier; it is, to their way of thinking, the index of the peace. One devout and realistic Polish diplomat put it this way:

"You people are talking nonsense when you speak of your fear of Russian aggression. If Russia wanted to make war on the West, whom would she seek as an ally — Germany or France? Germany, of course. What is the most important thing Russia must do to have the Germans with her? Give them back our new territories. This is a situation which you must watch just as closely as we."

SEEN in European perspective, the problems of Germany appear something like this: all Europe, of which Germany is only a single part, has been going downhill for thirty-five years. The mounting crisis of readjustment through which Europe is now passing is only in part the result of the war—it is actually a shifting of relationship with the outside world that has been taking place since 1910. The world no longer is dependent upon trade with the old continent, no longer needs to give Europe its foods, ores and raw materials in return for Europe's manufactured goods.

Two wars forced the liquidation of the great investments and resources which had paid so much of Europe's food and raw material bill. First America threw off the tolls of dividends and interest in the 1914-1918 war; South America and Asia liquidated much of their indebtedness in the last war.

To the Germans it seemed, after the first World War, that the great Imperialist powers—France, Britain, the United States—had stripped her of Empire in order to profit by controlling the backward raw-material producing world. The depression that swept all Europe seemed to the Germans the direct result of indignity and defeat; only Britain and France knew that victory and empire offered no cure for the slow sad deterioration of industrial Europe's relationship to a world which had outgrown its tutelage.

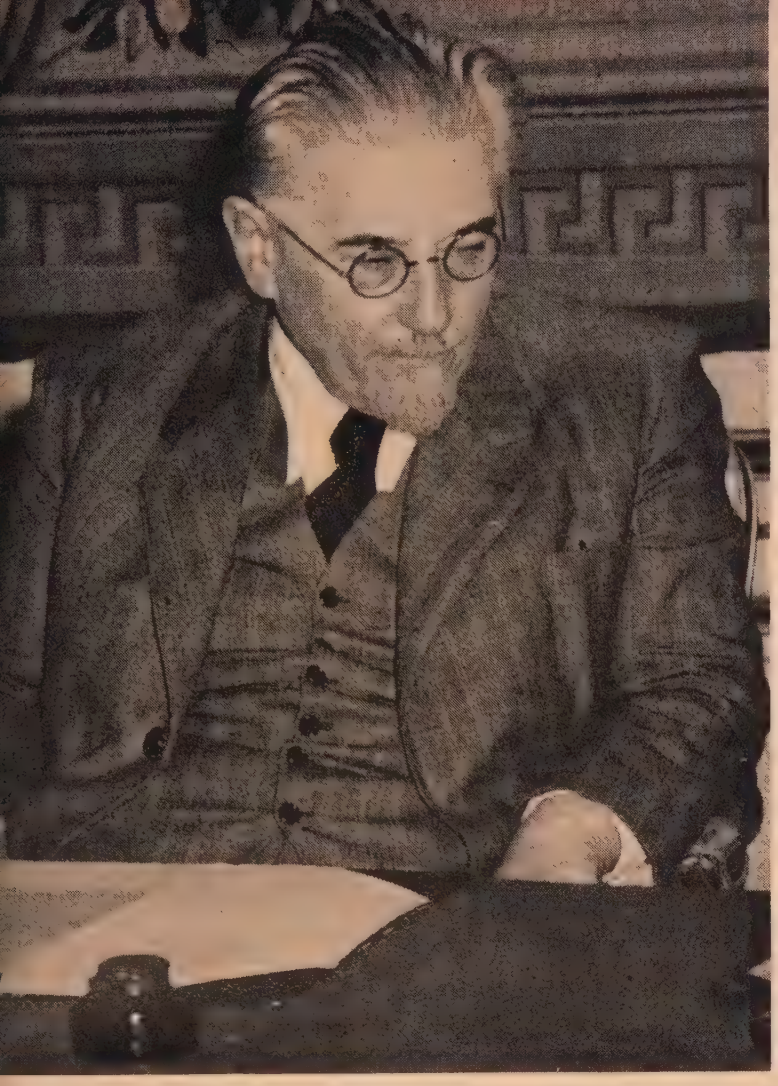
In the long hard pull back to peac and economic independence, Wester Europe now has three major prol lems: what goods or services to offe to the outside world that will restor its ancient markets on decent terms how to preserve freedom agains Communism; and how to persuad the Germans to cooperate.

In the long run, the persuasion o the Germans will probably be th hardest of the three. All Europe wil be on an economy of scarcity fo years to come and the Germans, too will be on short rations. But the res of Europe will regard its penury a part of a self-imposed austerity, whil Germany will see it as the penalty o defeat. The Germans must be weane from memory of Hitler's crimes to belief in democracy on rations hal those that crime brought them. It i of little point explaining to German that war does not pay or that victor on the battlefield brings only impov erishment of victor and vanquishe alike; for the Germans did make wa pay, by looting their neighbors t give butter and silks to the hom country.

In perspective, then, here is th counterpoint: out of the hunger o the early 1930's and the Treaty o Versailles grew a social chaos tha ended in national madness, a para noiac delusion of persecution whic Hitler personified. Germany is toda an overcrowded dwarf state, far poor er in food resources, raw materia and housing than ever before. Hitle has been removed—but the hunger i greater than ever, and the paranoia belief in persecution remains.

There is a cure for this ever-recur rent hunger—that is, to permit Ger many to build a set of industria muscles more powerful than thos ever known before in the Ruhr; wit these industrial muscles, perhaps, sh can compete and win a large enoug share of the world's markets to fee her people as well as Hitler once fe them.

But—and here is the question tha no Foreign Office or governmen has solved—who is there to guaran tee that the new muscles and new in dustry will not be controlled by th same diseased minds which brough disaster once before?



M. PAUL RAMADIER

If France Falls, the West is Lost..."

exclusive interview with Paul Ramadier, inister of Defense of France, his country's fateful role in the Atlantic Pact

By TIBOR KOEVES

IN AN exclusive interview given at Rue St. Dominique, his official residence, M. Paul Ramadier, Minister of Defense of France, revealed to UN WORLD his country's conception of the basic points of the Atlantic Military Pact and of the grand strategy of the defense of Western Europe.

M. Ramadier, a former Premier, is engaged in the immense task of reorganizing the French military establishment. His authority is as great with the military as it is in parliamentary circles.

At 61, he is hale and has a vigorous appearance. His skin is smooth. his cheeks are red, and his eyes sparkle with constant vivacity. He wears a goatee and has a shock of white hair. He is known as an insatiable worker; last August he simultaneously conducted the business not only of the Ministry of Defense but also of the Ministries of Interior, Industry and Commerce. He never takes vacations.

In 1940, M. Ramadier was one of the 80 *députés* who opposed Pierre Laval and Marshal Pétain. He participated in the Resistance under the pseudonym "Violette."

He speaks with the conciseness of the jurist that he is, and the fervor of the socialist, that he is too, although he does not belong to the Marxian school but has rather been inspired by French socialists of the 19th century, such as Fourier. Of middle height, and rather corpulent. his gestures are both rapid and well coordinated. All in all, he gives the impression of a wise and slightly professorial grandfather, who keeps discipline in his family, whether personal, political or military. but also dispenses affection.

If France Falls ... *continued*

M. Ramadier answered all my questions with the exception of two. When I inquired whether France was requesting the US Government for a supply of atom bombs, and an initiation into the secrets of atomic weapons, he looked into my eyes and said: "I can't answer that." The fact that he did not reply "No" would permit the conclusion that the French are taking steps in that direction. The second unanswered question referred to the problem of the composition of the Supreme Military Command of the Atlantic countries and to the French predilection as to the nationality and the person of the future Supreme Commander. M. Ramadier's hesitancy indicated to this writer that the French are still reserving their decision on this ticklish problem.

Here is the record of my conversation with M. Ramadier, as it was transcribed by the secretary to the Minister.

Q. What is the basic French idea for a strategy to defend Western Europe?

A. We are convinced that the strategic problem is a general, an over-all problem and that it is impossible to isolate a single part from the whole. However, we feel that if France is not defended to the utmost by all members of the Atlantic Pact, then the Atlantic Pact itself becomes an exercise in futility.

Q. What would happen if France were invaded?

A. The United States would promptly be placed on the defensive. It would then be too late for the United States to undertake offensive action against any country on the Continent. If France, which automatically would mean Western Europe, would be invaded, no foothold for reconquest could be gained. It is an error to assume that what occurred once (the Allied landings on French soil), could occur again.

This doesn't mean that the state of affairs resulting from an invasion would last forever. But it does mean that the world which existed prior to that invasion would cease to exist and could never be restored in the same form again.

Q. Have there been any differences of opinion on this approach of the defense of Europe between the French and English general staffs—between Marshal Montgomery and General de Lattre de Tassigny?

A. Never. They have held discussions, but they have never disagreed on that point.

Q. Do you think it technically feasible to unify the armaments of the Atlantic Pact countries?

A. Complete unification of that sort would run up against many practical difficulties. It is obvious that such unification is eminently desirable. But it is equally certain that it cannot be achieved very rapidly. One central obstacle is the disparity between American and European industrial equipment and techniques for turning out arm On the other hand, unification can be more swiftly pushe among those countries linked by the Pact of Brussels. It possible, for example, to harmonize gun calibers an ammunition sizes at least for the more conventiona weapons such as rifles, machine guns and other standar equipment. Thus, while absolute unification remains dream, in a limited sphere it can yield excellent result

Q. Do you think that intelligence services of th various countries should also be unified and inte grated? According to reports in the French press the Deuxième Bureau has dissolved its office i Washington. Is that true?

A. I have not seen these reports. But it is certain tha in all fields agreements and coordination are desirabl

Q. What is the French attitude about includin Germany in the Atlantic Pact?

A. We have established a pact among 12 nations, bu this pact hasn't as yet been effectuated. We are still at th planning stage. We are still studying various proposal of organization. Once an organization has been set up, will have to function according to its own rules.

The moment the question of extending the membershi of the pact arises, both the principles and the machiner of the organization become infinitely more complicate problems. Everything would have to be reconsidered an revised at every turn. I therefore do not favor any rapi extension of the Atlantic Pact, for this would entail drastic change in both its aims and its structure.

Q. As a member of the French Cabinet, hou would you feel about including Spain in the mili tary organization of the Atlantic Pact nations?

A. Spain is not a party to the Atlantic Pact. That is fact. In the face of facts, I resort to facts. May I sugges that you put your political questions to our Minister o Foreign Affairs?

Q. We Americans have a deep attachment t Paris. Many of us wonder what would become o Paris in the event of an atomic war. Is there an plan for declaring Paris an open city if war comes?

A. Your query surprises me. Any such contingency ha never been considered.

Q. In many places concern has been expressed about alleged communist infiltration and influ ence in the French Army. What is the exact situ ation?

A. There is no communist movement in the Army Those who claim that there is are liars. The French Arm is without communist influence of any sort. Communist have made various camouflaged attempts to penetrate th Army. They have consistently failed.

On the other hand, experience demonstrates that com munist activities can be even more readily controlled in

times of war. In a war, public opinion, and I mean first of all the attitude of the working classes, is far more susceptible than in the days of peace. Whenever French labor has felt that political aims, rather than economic aims were being forced on it by the Communists, it has shunned such proposals and their proponents.

Q. It is often said that a communist maquis will be organized within France to engage in sabotage, espionage and to hinder troop movements. To counter all this, what precautionary measures are envisaged?

A. We must expect both fifth columnists and parachutists. But these will also afflict the United States and every other country of the West. Evidently, in our country, a defense system of the interior must be planned, province by province. But I don't believe that in this respect France is confronted with a particularly fearful problem.

Q. The French military school has long had a tradition of great creativeness and brilliancy. But as a result of tragic events in World War II, French generals and officers were unable to obtain as much battle experience as their American and English colleagues. Do you believe that despite this disadvantage France is now in a position to furnish commanders and men with a thorough grasp of modern warfare?

A. Without a doubt.

Q. Since there is still a certain amount of rivalry between France and England, especially in the Near East, and more precisely in Syria, will it have an unhappy repercussion on military agreements between the two countries?

A. There are two types of problems. There are the problems of political influence that are extremely complex, especially in the Middle East, where countries rarely if ever commit themselves fully and frankly to a particular policy.

You mentioned recent events in Syria. Well, contrary to widespread rumors, the first coup d'état was not French, and the second was not British. This is the interpretation by the kind of journalists who pervert nuances and force rivalry for the sake of headlines.

The fact is that things are much less clear-cut. If certain French circles display a tendency to favor a particular leader or group in a Near Eastern country, while British circles favor another leader and another group, the two governments have never clashed over such issues. This jockeying for political advantage goes on at a lower level. But on the level of mutual defense we intend to collaborate both with Britain and the United States throughout the Middle East. The major aims of all three nations are identical. Of this I am completely convinced.

So please be careful not to confuse the two types of problems. When French and British groups struggle against each other, you can be sure that there are economic and business reasons behind their rivalry. But these are of secondary importance. They recede into insignificance when it comes to the need for a common fight against a common danger. Then we are in complete harmony.

Q. Does a feeling of antagonism persist between British and French military circles because of the clashes in Syria during World War II?

A. What took place in Syria during the war mustn't happen again. It was the result of profound and tragic misunderstanding. But nothing of the kind exists today.

Q. All this time we have talked about war. May I now ask if you believe that war is inevitable and if you see it on the horizon?

A. I don't believe that war is inevitable and I believe it less and less as we become better prepared to face it. If, in Western Europe especially, we can establish a secure and solid defense which makes victory certain, we can be as sure as it is humanly possible that nobody is going to start anything.

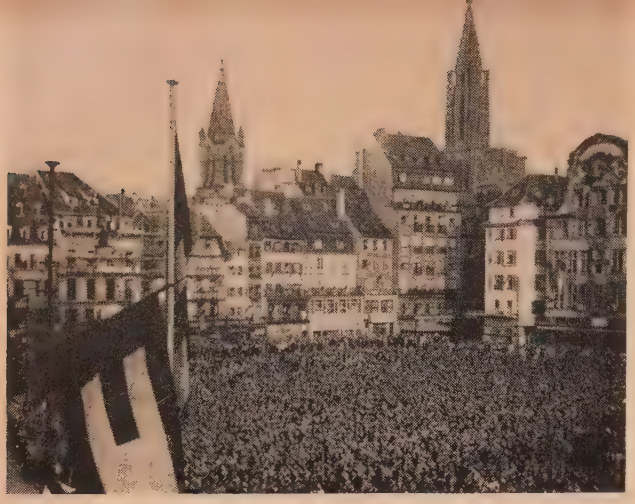
I am further convinced that war in the strictly military meaning of the word does not at present form any part of the political planning of any country. Rivalries take on more subtle and more insidious forms. And it is up to us in the West to see to it that these new devious methods do not degenerate into the brutality of an actual shooting war. The object of the Atlantic Pact is not to make war but to prevent it.

Q. Is there some particular idea or message that you would like to convey to the American public?

A. I would like to say this. . . . That the conversations which have so far taken place among the 12 signers of the Atlantic Pact show a genuine will to co-operate and the recognition of common dangers and common needs. This certainly allows us to hope that we can swiftly and without misunderstanding forge an essential, an invaluable organization. We must not go too fast nor seek to get spectacular results immediately merely for the sake of impressing the public. If we do that, we destroy our work. We must do a solid, careful, craftsmanlike job. Once this had been accomplished, everything will be settled. I believe that everybody concerned understands this and I am particularly grateful for the intelligence with which the US Government and its Chiefs of Staff have realized the need to remove sources of possible friction.

I have also admired, I really must say admired, the way in which Great Britain has grasped the need to become an integral part of an international framework and to embrace fully the concept of serving common interests in a common cause. They understand clearly that particular demands can be satisfied only if there is a general plan satisfactory to all.

Our defense is valid only to the extent that it is the defense of all and not a series of contiguous individual defenses.



THOUSANDS JAM the old Place Kléber at the opening of Europe's Parliament in the historic Alsatian city.

Eye Witness Report from STRASBOURG

Grandeur and Grief of Europe's First Parliament

At Strasbourg, the sessions of the Council of Europe were covered for U. N. World by Francis Noel-Baker, M.P., Editor of the British edition, and our International Editor Louis Dolivet. Their report follows.

THE significance of Strasbourg lies not in its achievements which are meagre but rather in the fact that the European Assembly has taken place at all.

As a portent that a united democratic Europe is feasible, the Strasbourg session was a substantial success. The presence in a single city and in a single hall of some of the best brains of European parliaments assured debates that showed an impressive grasp of history, politics, and philosophy.

Certainly there was a quality of grandeur in the vision of a functionally cooperative Europe as expressed by the hundred and one delegates. They themselves embodied old aspirations and new strivings toward unity amid diversity—economic, social, political, cultural. But ghosts of a dead past thronged rostrum and corridor, and participants and spectators alike were chilled by the realization that once again the anachronisms of national sovereignty hampered concrete results.

There were other, more immediate and visible reasons for the lack of specific accomplishments. The very statute of Europe signed solemnly on May 5, 1949, in London, fashioned an Assembly without power to go further than it did. The structure of the Council of Europe, as agreed in London, called for two major branches:

(1) The Committee of Ministers, composed of the Foreign Ministers of the 12 member nations, namely, th United Kingdom, France, Belgium the Netherlands, Sweden, Luxem bourg, Norway, Denmark, Irelan Greece, Turkey, Iceland.*

(2) The Consultative Assembly which for all practical purposes i authorized only to make recommenda tions to the Committee of Ministers In fact, the Assembly's agenda ha to be approved by the Ministers.

By comparison, the UN Genera Assembly is given far greater free dom under the UN Charter. This is far superior constitutional instru ment to the London document. De spite the absence of Russians and o Communists in Europe's new Council the number of restrictions and vetoe has been infinitely larger than in th UN. The explanation of these limita tions can be traced to the serious op position of Britain's Ernest Bevin t the fact that the structural concept o the Council of Europe took shape un der the guidance of Winston Church ill. Had Churchill withdrawn fro domestic politics in England, the atti tude of the Labor Government migh

*Formalities of admission not completed in tim for participation in this session of. the Council.

have been different. As it was, it foresaw that every concession to "Churchill the European" would redound to the benefit of Churchill the leader of conservative opposition at home. Rightly or wrongly, Labor is convinced that Europe will not return to conservatism, and that any trend to the right in Britain, as elsewhere, would only help the Communists. It therefore was less cooperative toward his proposals than it normally would have been.

The British hesitated to grant large-scale powers to a body designated only by governments and not by popular elections. Yet to have elected the members of the Council of Europe would have meant to include a great number of Communists, and this the European governments were not prepared to do.

Finally, the acute economic and financial crisis in Britain caused British statesmen to fear that the whole venture might be premature. Against such considerations the pressure of both British and European public opinion was considerable, and many European statesmen insisted on concerted action without delay. The present structure of the Council of Europe, with all real powers vested in the Ministers and the Assembly functioning only as an advisory group, emerged as the compromise of these conflicting points of view.

Thus handicapped from the start, the Assembly nevertheless demonstrated the inner power and the moral strength of a body of men conscious of their great historic role in bringing about the unification of the countries of Europe. In many respects, it managed to outgrow its limitations and in its behavior rose to the stature of a great parliamentary body. The event was reminiscent of what happened when Louis XVI at the end of the 18th Century called a French Assembly to levy taxes, and it transformed itself unexpectedly into the constitutional assembly that ended the French monarchy.

The course of Europe's Consultative Assembly has been less spectacular. There were no crowds of citizens storming outside its doors, as in Louis XVI's time, pushing it toward a bolder course. All the same, within the Assembly itself, there were brave spirits, insisting that the governments would have to make far broader concessions than they had originally planned to do. Prominent among them were Winston Churchill; Edouard Herriot, President of the French Assembly; Maurice Schumann, leader of the MRP, French Catholic-Democratic Party; Frans van Cauwelaert, President of the Belgian Chamber of Deputies; and Paul Reynaud. These and other men of their calibre quickly removed some of the brakes intended to slow the Consultative Assembly down to a crawl. They made it clear that they did not think it enough to talk about a United Europe; that they expected the Assembly to move toward that result.

In the debates it was evident that there were various elements striving to impregnate the new Europe—when it does come—with their own ideologies. These included the *Socialists*, with their backing for socialist programs in varying degrees; the *Middle-of-the-roaders*, such as the Christian Democrats; and the *Conservatives* and advocates of completely super-free enterprise, such as Winston Churchill and Paul Reynaud.

Ideologies

The clash of these ideological differences was particularly evident in the great debates on economic and social affairs. For instance, the idea of creating a social security system for the whole of Europe ran into the very real objection that the present government of Greece would be unable to underwrite such far-reaching social security measures as already exist in England and France.

As the chief obstacle to action in both the political and the economic fields, the Consultative Assembly faced the reluctance of the governments to yield any appreciable part of their national sovereignty. Here, curiously, it appeared that economic sovereignty was defended even more vigorously than political sovereignty. The nations represented at Strasbourg showed a readiness to accept limitations on their economic decisions only when these might turn out to be useful to themselves. The spirit of sacrifice for the good of all was in many instances conspicuous by its absence.

Mystically inclined Robert Schuman has about him an aura of indefinable sadness.

Every movement of strong-featured Ernest Bevin reveals the fighter and the realist.

His hair still dark, at 77 Edouard Herriot is a vivacious, alert, inquisitive delegate.

Toward Economic Union

Advocates of immediate economic union told the Consultative Assembly

Strasbourg *continued*

that without it there must "inevitably be a European economic collapse involving a catastrophic decline in the standards of living of the European peoples and social disturbances endangering their democratic way of life." Their resolution bore the signatures of more than half the Assembly.

That resolution reflected the ever-growing perception that inter-European trade, unhampered by customs barriers and manipulation of currencies to serve short-term nationalist ends, had been taken out of the sphere of pious rhetoric and had become an urgent necessity. The very existence of the Marshall Plan, the OEEC, the World Bank, the International Monetary Fund, GAAT and the proposed ITO and similar agencies for international economic cooperation dramatized for at least half of the delegates the fact that, whether they like it or not, the countries of Europe are tied together by a technology which transcends national traditions rooted in the production and exchange of a bygone day. It was daily more obvious that the individual economic plans of the separate nations had to be more effectively fitted into the overall European economy.

His cigar and a charming Alsatian girl put Winston Churchill in the right mood.

The Assembly put over for further study and later action suggestions that a single currency be created for the whole of Europe, for establishment of European central reserve and investment banks.

In the economic resolutions the Assembly recommended to the Ministers:

1) that the Assembly be empowered to publicize to the peoples of Europe the peril of their present situation and the need to pool their resources in a common effort to regain solvency and attain a new level of prosperity;

2) a multilateral system of payments including convertibility of European currencies among themselves;

3) permanent machinery for intergovernmental consultation on credit policies;

4) an economic conference of member states and their overseas territories;

5) industrial and agricultural conferences with representation from management, labor, consumers' unions and governmental agencies to advise how to increase output;

6) preparation of a draft convention on the control of international cartels;

7) follow-up and extension of the work of the OEEC in liberalizing inter-European trade;

8) study of how investments by American and other non-European capital could be encouraged;

9) development of a system of guaranteed markets. (This was an amendment proposed by the eleven British Labor delegates. It was interpreted by Hugh Dalton, of Britain, as being an arrangement whereby one country guarantees that it will purchase a minimum amount of a certain product from another country over a certain period of time.)

The Assembly further recommended that a delegation of the Council of Europe negotiate with the United States and other governments, to modify existing trade treaties. From the United States it wanted particularly a lowering of customs barriers and encouragement of more imports from Europe.

Toward Political Powers

In the political realm, the Assembly voted to go on record as saying that "the aim and goal of the Council of Europe is the creation of a European political authority with limited functions *but real powers.*"

It charged its Political Committee with examining in the next eight months the possibility of federation of the European states.

The report to be submitted to a later session will show how each of the member states would need to modify its political and constitutional structure to enable it to take part in such a federation, and what the internal results of such changes might be.

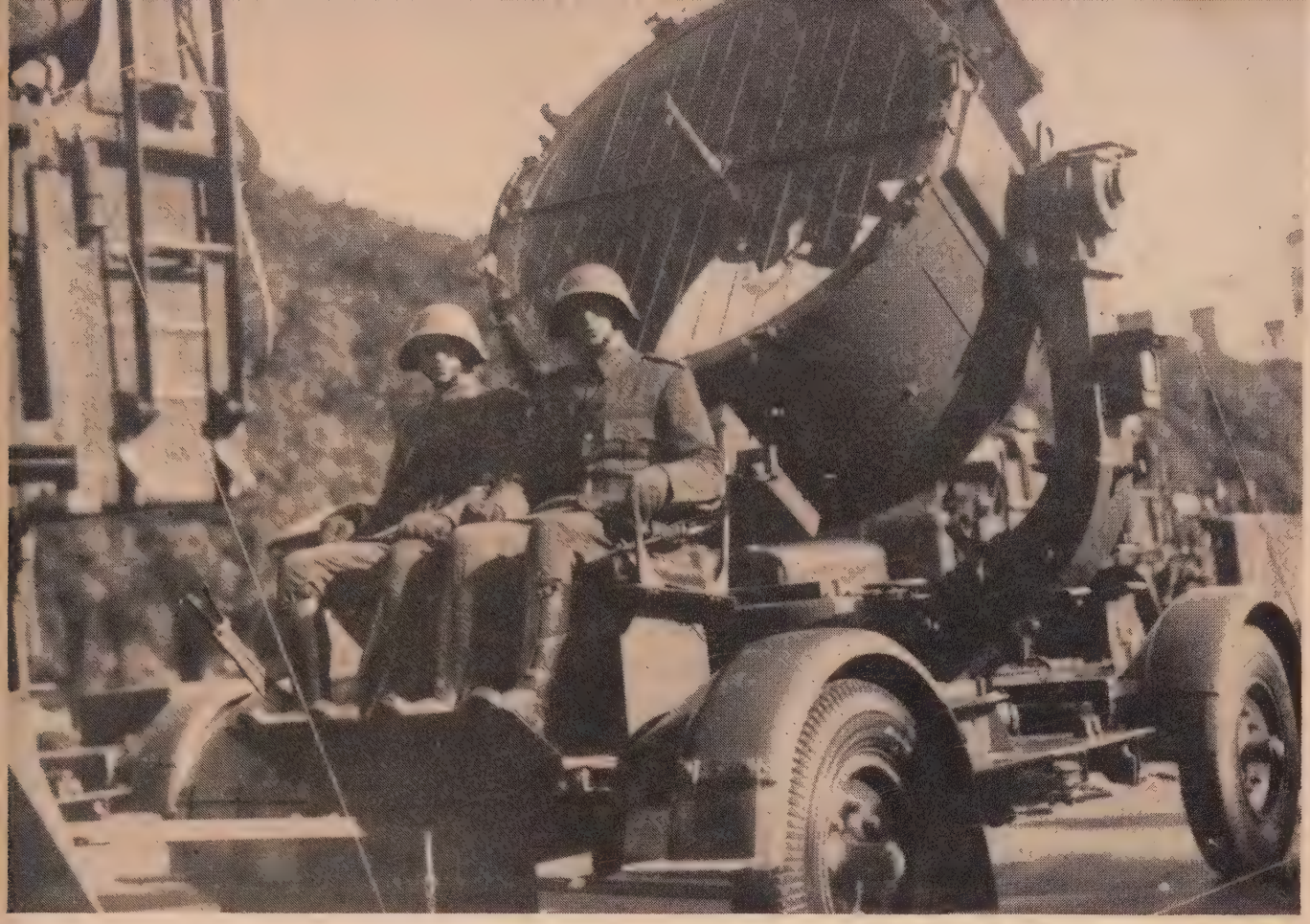
Bill of Human Rights

The last act of the Consultative Assembly was to vote for establishing a high commission and a court to uphold human rights. The resolution, to become effective, requires the approval of the twelve governments which are members of the Council of Europe.

Ten human rights and fundamental freedoms were listed:

Security of the person; exemption from all slavery and servitude; freedom from all arbitrary arrest, detention and exile; freedom from all arbitrary interference in private and family life, home and correspondence; freedom of thought, conscience and religion; freedom of opinion and expression; freedom of assembly; freedom of association; freedom to be united in trade unions; and the right to marry and found a family.

Sir David Maxwell Fyfe, British prosecutor at the Nuremberg trials, and Pierre-Henri Teitgen, former French Minister of Justice, were mainly responsible for the text of the bill of rights, which was termed "a Magna Charta of the common man." Its aim, the report of the Assembly's committee had stated, was to "guarantee political democracy in the European Union."



THIS PICTURE SHOWS NOT THE WEHRMACHT BUT ARGENTINE TROOPS IMBUED WITH PRUSSIAN MILITARISM.

Should the US Arm Latin America?

The perils and problems of hemispheric defense

By COLONEL CURT KONRAD ARNADE

Colonel Curt Konrad Arnade is a distinguished military authority, schooled in the Imperial German General Staff. He predicted the failure of the final German offensive in World War I. In 1932, he served under General von Schleicher in the anti-Nazi Reichswehr. In 1935, he became military adviser to General Chiang Kai-shek, and five years later, Professor of Military History and Tactics at Bolivia's West Point, and military adviser to the government of Bolivia.

The views expressed in this article are the author's own and do not necessarily reflect the opinions of the editors of UNITED NATIONS WORLD.

THE United States is committed, by formal treaty as well as by apparent necessity, to arm and defend its 20 neighbor nations to the south. Why has it not done so?

On May 6, 1946, President Truman presented to the 79th Congress a Hemisphere Defense Plan. Nothing came of it.

On May 27, 1947, he delivered to the 80th Congress a Message on the Arming of the Hemisphere. Nothing came of that either.

On July 25, 1949, in the Foreign Aid Program put before the 81st Congress, he specifically requested $100,000,000 to be used for modernizing Latin American armies. Action, if any, is still forthcoming.

The world knows that at the Conference of Chapultepec in 1945, the US assumed the obligation of coordinating Latin American defense establishments with her own. That obligation was confirmed at the Conferences of Rio de Janeiro and Bogota.

The world knows, too, that the US

BOLIVIA. Her troops, uniforms require streamlining.

Should the US Arm Latin America?

continued

is most vulnerable to attack from the south, that its Achilles heel is the Panama Canal.

How explain, then, the obvious reluctance of US authorities to shield their nation against hazards that could mean defeat in war—or, at best, increase the cost of defense almost beyond measure?

The answer is that, to arm Latin America would create hazards at least as serious as to leave it in its present state of ineffectiveness.

I make that statement on the basis of careful study of military, political and economic affairs in a number of countries with which I became familiar as an instructor of Latin American army officers over a period of many years.

I am convinced that modernization of Latin American armies would be a threat to the peace of the United States and the world, as well as to the welfare of the peoples of the Latin American states themselves.

I strongly believe that the defense of Latin America can be established and maintained and the United States made secure on its southern border without incurring the risks of wars and civil wars by adopting the following measures:

- Tightening Panama Canal defenses or by building *an* Isthmian Canal;
- Establishing numerous submarine defense points and radar networks against invading planes;
- Creation in Latin America of small airborne units equipped with superior weapons and trained to cooperate with US airborne units which would be flown in swiftly from the Canal Zone;
- Deployment throughout Latin America of an efficient, specially trained intelligence organization under US direction.

Latin American military men scorn North American social attitudes, political concepts and military techniques. More than that many of them actively dislike North Americans and do not hesitate to show it.

While on service in Bolivia during World War II, I heard whispered around the word that "Yanqui equipment is splendid—oh yes—without the Yanquis."

The pupils of one higher military academy declared they would leave the class room if a North American instructor appeared.

In another instance a Yanqui officer wanted to explain the operation of a modern reconnaissance tank which had been given to the school. He was denied the necessary gasoline on the ground that the monthly quota had been used. As I was in the process of straightening out this regrettable incident, the automobile of the commanding officer rolled up. In this brand new US lend-lease automobile was not the commander but his wife's cook on her way to the market for vegetables. She got the gasoline.

These things may appear trivial and not worthy of being considered in the framework of the broader problem, but they are significant trivialities.

Before the outbreak of World War II, the feeling of interdependence between North and South America hardly existed; not even a "marriage of convenience" had been achieved.

In matters affecting their mode of existence, architecture and education, Latin America's middle and upper classes were under the influence of the French intellectual heritage grafted upon a foundation mainly Spanish.

In the field of music, Germany was dominant. Even in trade, the general formula was as follows:

- Cheap mass-produced goods were imported from Japan.
- Better quality products as well as chemical, pharmaceutical, optical and electrical goods came from Germany.
- Capital goods such as railroad equipment and investment funds were obtained primarily from England.
- Military doctrines and aviation equipment were German.

A special inter-American market did not exist. Nor was there any feeling of economic or moral obliga-

GUATEMALA. Her army uses antiquated equipment such as horse-drawn arti

tion to engage in intensive trade with the great northern republic, similar to the preferential trade with the British empire—despite the fact that the despised Yanqui was one of the world's best customers, who paid in hard currency.

These trade relationships were sharply reversed during the second World War as a result of two events which overnight aroused Latin America. These were the capture of Paris and the potential Nazi control of Dakar, as a springboard to the Western Hemisphere.

Paris, city of light, whose spirit had contributed so much to the emancipation of the Latin American countries—Paris in the hands of a foreign power—was an unbearable thought.

And a Dakar controlled by the Nazis gave rise to disquieting thoughts. Latin Americans envisaged the civil aircraft of the Lufthansa replaced by other types from Dakar which would come to dominate and upset the continent. They saw threats to the Panama Canal, on the functioning of which so much of the economic life of the continent depended. They perceived portents of a fifth column which could find unknown landing places everywhere on the large *Latifundia* of the German farmer who had settled in South America.

Thus suddenly a point was reached in the thinking and feeling of the population which moved beyond external political developments and did more than conferences and diplomatic considerations to create acceptance of plans for hemisphere defense.

PERU. In full dress, bayonet drawn, this grim-faced soldier stands guard in Lima.

This attitude which suffers North American leadership as the lesser evil has been strengthened in the postwar period. Into the place of the common enemy Germany, stepped a communist, atheistic—and particularly anti-Catholic—Russia.

It is generally known that Germany enjoyed broad sympathies in influential Latin American circles. These carried over well into the Nazi period, notwithstanding the Nazi threat. Especially admired were German virtues of respect for order, diligence, skill in work, and quality in merchandise. No one wanted to believe that a gangster cabal had taken over and corrupted this nation, throwing the German people into a struggle against the entire civilized world.

If some Latin American nations did not bring a full heart to the war against Germany, there can be no doubt where Latin America stands today. For Latin America is first of all Catholic and Catholic nations feel themselves aligned, not so much *with* the US as *against* anti-Catholic Soviet Russia.

This attitude has been strongly expressed by President Peron of Argentina, himself scarcely a Yanqui-lover. In a war against Russia, Argentina would fight, from the first day, he has said, on the side of North America.

Latin American military circles naturally would welcome the opportunity to modernize their armies in accord with the lessons of the last

BRAZIL. Naval cadets pass in review in Rio de Janeiro's brilliant sunlight.

Should the US Arm Latin America?

continued

war. They lack everything—planes, mechanized units and radar. With the possible exception of the armies of Argentina, Chile and Brazil, their infantry, artillery, engineer corps, signal corps, medical corps, and the like are not organized along modern lines.

Modern military equipment is not only expensive but is obtainable only from the United States. Even though Brazil, Argentina and Chile possess a number of good tanks and planes, these countries are neither financially nor industrially in a position to keep their equipment up to date. Today planes and tanks which are purchased at a sacrifice of 50 per cent of the budget are obsolete within three years. These nations are not in a position to outfit even a single modern infantry regiment. They simply cannot keep pace. They have not been able to do so since the days when infantry could be supplied with simple weapons, artillery with horse-drawn light field pieces and cavalry with lances and carbines.

To provide these nations—and others still more backward militarily—with the capacity to conduct full-scale action, would be to invite chaos in Latin American relations already none too pleasant.

The number of wars in the last 50 years between Latin American states is small and the possibility of new wars is also unlikely in the present state of affairs. But there exist certain tensions between Haiti and the Dominican Republic, between Costa Rica and Nicaragua, Peru and Ecuador. There are old misunderstandings between Peru and Chile, Paraguay and Bolivia, Chile and Bolivia.

Potentially more serious than any of these quarrels is the natural rivalry between two big states, Argentina and Brazil. Each claims rights to the leadership of South America.

In this rivalry Brazil, to a certain extent, relies on its old friend, the United States; Argentina is inclined to be pro-British. Brazilians also can visualize a grouping of states including Argentina, Paraguay and Bolivia, with or without Chile, drawing closer together—toward all this Brazil cannot remain passive.

It is, of course, problematical whether to modernize the armies of these nations in order to facilitate their participation in the defense of the hemisphere would upset the delicate balance of world power. There can be no doubt about its effect within the nations themselves.

A few years ago, while I was tactical instructor for motorized units in a South American Republic, I was asked by the chief of the General Staff to make proposals for the establishment of a motorized force. I outlined such an organization with effective mobility and fire power. My proposals were praised and since they were in the realm of possibility, I anticipated the creation of a test battalion.

Nothing happened.

I expressed bafflement to one of my officer pupils. He said: "Colonel, your battalion will never be established. It is too maneuverable. Its fire power is too effective, it is too good." When I did not understand the officer added: "The commander of this battalion would become President on the following day."

Uruguay has a democratic tradition decades old and Chile an unimpeachable corps of officers, but recent shifts of power in Nicaragua, Costa Rica, Venezuela, Ecuador, Peru, Bolivia, Paraguay and Argentina emphasize how non-typical these two nations are. It is not surprising that the really democratic circles of Latin America fear increased deliveries of weapons.

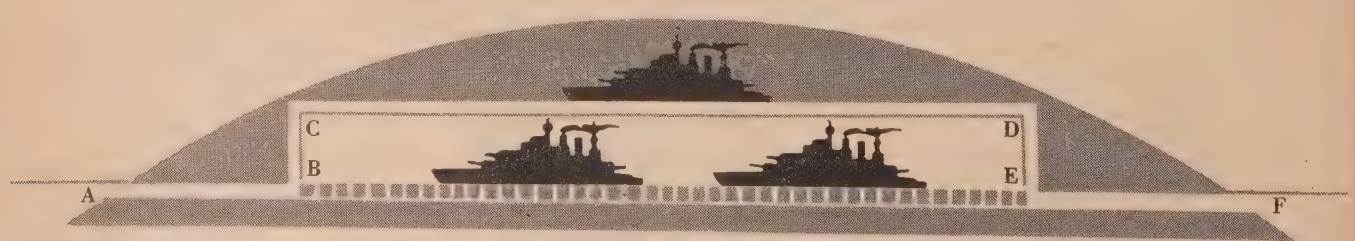
The welfare of the US and the welfare of the Latin American peoples both demand that the armed forces of Latin America should not be modernized by the US *except on a realistic basis* under which the US retained a voice in determining the purposes for which such modernized armed forces would be used.

That statement is made with a full realization of all that it implies.

The US must assume military authority over a ring of land, sea and air defenses circling the Panama Canal with a radius which will extend to the Rio Grande in the north and, in the south, across all of Venezuela, Colombia, Ecuador and the Galapagos Islands.

From the pragmatic, military point of view, in which sovereignty is an attribute of military capacity,

SCHEMATIC DESCRIPTION OF THE DIFFERENCE BETWEEN "LOCK CANAL" (PANAMA) AND "SEA LEVEL" CANAL



A, B, C, D, E, F: Lock Canal—B-C and D-E are the Locks. A, B, E, F: Sea Level Canal. Shaded portions are excavations for Lock Canal. Unshaded section (with ships) additional excavations for Sea Level Canal. A sea level canal is more costly to build because the deep excavations C-D and B-E involve a greater expense than the construction of locks.

none of the Latin American states is sovereign. Their present dependence on the US to re-equip and retain their inefficient, parade-ground armies is sufficient evidence of that fact.

If it is to establish effective security to the south, the United States must see to it that Latin America is not threatened by an enemy invasion. The US realizes that in case of war:

- Saboteurs can be landed for the purpose of destroying the few and valuable communication channels, particularly between the mines and their loading harbors.
- The mines themselves and the Panama Canal can be placed in jeopardy.
- Strong activity is probable on the part of revolutionary agents seeking (a) to stir up the masses—Indians and Negroes; (b) to arouse and exploit rivalry between such groups as officer cliques and power-seeking politicians.
- Greatly increased incitement against North America and its alleged imperialism and exploitation can be expected.

The facts about the Panama Canal are:

- The present Canal's locks are too small to handle the larger type of aircraft carrier, or even a ship of the Queen Elizabeth class.
- The lock system makes the Canal particularly vulnerable to bombing and sabotage.
- The development of the schnorkel submarine and of extremely long-range bombers require that anti-submarine, radar and aircraft bases not only circle the Canal but cover all of Central and much of South America, the Gulf of Mexico and the Caribbean and comparable sea areas on the west.

As a teacher of tactics, the author demonstrated in war game maneuvers immediately after Crete, how all of Bolivia could be paralyzed for three days by landing 1000 enemy troops, 250 each in four places—Cochabamba, La Paz, Oruro and Uyuni. Given that amount of time in control of communication centers, effective local aid could be recruited among anti-government elements and local resistance subdued.

These dangers affect nations beyond the security radius of the Panama Canal. For to defend itself and the Hemisphere adequately, the United States must have an assured supply of lead, tin, zinc, copper, manganese, petroleum and other strategic raw materials from South America. It must also make sure that Western Europe receives South American meat, wheat and cattle feed.

Fortunately, to accomplish its aims, it is not necessary for the US to put great striking power into the hands of Latin American militarists.

The first step should be to establish an intelligence agency of such effectiveness that the US is kept constantly informed of developments throughout Latin America.

The second would be to begin at once a program of rendering the Panama Canal more impervious to attack. Actually the final aim should be the construction of a lock-free, sea-level Nicaraguan canal to replace the present outgrown one (see cut).

The third step involves establishment of a powerful airborne force of US troops in the Canal Zone to supplement similar, smaller forces in the Latin American states. These latter should be of sufficient strength to handle small insurrections until arrival of US troops by air from the Zone. This step also involves establishment of the radar, air power and submarine bases previously specified.

Only by sacrificing their claims to a nonexistent self-sufficiency can the states of Latin America be assured of military survival.

A searchlight on the US role in the World Economy by the Dean of American world traders, Thomas J. Watson, Sr., on page 48

Eye Witness Report From

PARIS

"It is precisely because she wants to be desired that the French woman is desirable."

By T. B. STONEY

Drawings by Vertès

NCE again people from all over the world, anxious to find good taste nd gentle pleasures in a somber id-century, have come to seek en-antment on the banks of the Seine. hey have been attracted by the rap-lly spreading news that for the first me in a decade, exactly five years fter the liberation, Paris is again er old captivating self.

Everything does not go smoothly n France as yet, and worries and ardships still beset most of her pop-lation. The mounting disparity be-ween prices and wages may become n explosive issue. But the magic ersonality of Paris transcends the roblems of any one generation. This ity is the product of many great enturies, many moods, many minds, nany manners of life. And in what-ver form the dreams and accom-lishments of successive ages had een expressed, whether built in tone, traced in avenues and squares, r carved in marble, the French enius has always known how to en-low every medium with both per-nanency and freshness. By this rare ombination, Paris transforms past oys and hopes into sparkling con-emporary emotions.

Much more than an abstraction. reedom here is a reflex, a habit, a way of life. Inevitably, it is also a part of the landscape. The airiness, the spaciousness, the aspiration of the Gardens of the Louvre, of the Tuileries, the Concorde, the Champs Elysées, the Avenue de l'Opéra, the Invalides are unparalleled. The avenues and streets of Paris offer a frame, and a perspective which enhance esthetic values to a degree unknown anywhere else.

There is one thing, however, which the grandeur of Paris should not make us forget. And that is that Paris is not one tremendous city, but a combination of at least 20 smaller ones, as many as the number of her districts. Paris is not only impressive and majestic, but also warm, intimate, almost provincial.

To know Paris means to appreciate the flavor of these various forms of neighborhood life. Grouping themselves in congenial quarters which center around small parks, squares, churches, cafés, palaces,—the upper middle class in Passy, the young intellectuals around St. Germain des Près, the old aristocracy in the Faubourg St. Germain, the bad boys and girls in the alleys behind the Bastille, the workers toward the gates of the city,—the Parisiens have found a way of defeating the impersonality of Metropolis. The difference in atmosphere in each quarter is one of the reasons why Paris is the most spectacularly entertaining city on earth. Even the prices differ between the various *quartiers*, each marked by its own argot, its own version of the fashion, its own political beliefs and its own attitude toward sex.

One is tempted to say that it is easy to look smart on streets like the Rue de la Paix. Everything conspires to accentuate the silhouette, the dress, the movements of an attractive woman. The street is large, there are no crowds. She is not jostled, nor hurried. She can keep the rhythm of her step, and the light of the September afternoon is flattering under the limid sky. The whole scene is a stage set, and yet everything is simple and sincere, including the admiration which women harvest here at every turn.

To please, in Paris, is a universal ambition. It is important not only for women, but also for teachers, cooks, lovers, friends, waiters and everyone else.

The most refined sensuality is that which thrives on continuous little impulses that flatter the eyes, the nose, the palate, and the air of Paris is vibrant with the desire to please and to like. To this need to charm we owe the magnificent flower beds of the Luxembourg gardens, the gay little bows on the dresses of the *midinettes*, new spices in savory dishes, unexpected adjectives in books, small presents and thoughtful notes from friends, compliments from lovers, courtesy from strangers, a whole world of old-fashioned lightness in which it is so easy and perhaps so dangerous to lose oneself.

It is precisely the wish to be desired which makes the Parisienne so desirable. It would seem that on the whole American women are more decorative and more beautiful than French women. They have better carriage, better figures, except perhaps for their bosoms, better skin and more regular features. Yet the Parisienne proves that physical beauty is not woman's most irresistible weapon.

THE cold war between *la Française* and *l'Américaine* still goes on unabated on the pages of every illustrated paper of the world, in the columns of the fashion magazines, in the cocktail lounges of Nice, Cannes, Deauville, on every international beach of two hemispheres. Positions are won and lost in a see-saw struggle.

To compare French and American women has become the great international game this year. A certain unanimity of opinion has developed on some points. It is generally held that American women are more independent, the French more sentimental, that the girls from the US are inclined to take their success for granted while the Parisiennes are moved by and grateful for every sign of appreciation. The first discuss things and ideas impersonally; for the latter, behind every idea there lurks the face of a man. *La Française* is careful with money, even with that of her friend, and does contentedly her little chores, especially where her home is concerned. *L'Américaine*

Paris *continued*

spends freely, but in whatever situation, she always reserves herself for bigger and better things. The French woman accepts life as it comes and enjoys what is there; her sister from across the Ocean puts her whole energy in preparing a future. With their friends, French women talk too much of men; American women too much of their jobs and/or possessions. American women are good sports and they hate to show their weaknesses. French women are inclined to complain too much about small things, and give their thoughts and feelings away too easily. American women are conquered by their eyes, French women by their ears; the first fall for magnificent physical specimens, the latter for men capable of entertaining them with pleasant, amusing, stimulating conversation. American women love group life, French women are happiest in a tête-à-tête with someone they like. And, finally, last but not least, for the daughter of France, love is an act of surrender; for the daughter of America an act of combat, rapturous or not.

The *cuisine de France* has regained all its pre-war glory. Except for gray and tasteless bread and for weak coffee there is no deficiency in anything. Puritans may scorn the refinement and extreme variety of the food served in the simplest restaurants and cry decadence at the sight of a Frenchman choosing his dinner with the preoccupied air of a statesman studying a historic document. But perhaps the old Parisien I met in the Restaurant des Gourmets in the Rue des Canettes was entirely correct when he explained to me the philosophy behind the cult of *plats choisis.*

"Monsieur," he told me, as he wiped his *moustache gauloise* free from the last drop of an excellent *Potage St. Germain,* "modern science has discovered that the secret of the old peasant women who gave people potions had an infallible basis in fact. All our best medicines are compounded from herbs whose healing qualities had been divined by those strange characters."

He stopped a moment to sip the golden Pouilly which stood in its ice-filled cradle on our table.

"But the secret of excellent food is the same!" he then said suddenly and with great emphasis. *"Que voulez-vous? On ne mange pas au petit bonheur!"* One doesn't eat haphazardly! One has his moods, his worries, his hopes, his joys. And the menu must follow the state of mind and health in which one happens to find oneself.

The waiter arrived with a silver platter on which reposed a majestic slice of fish in a golden yellow sauce.

"Take me for instance," my mentor continued. "Tomorrow morning I hope to wind up an important deal. So what do I do tonight? I order a *Turbot sauce Hollandaise.* The flesh of this fish is succulent, but light. It makes you content without overstimulating your imagination, and its easy to digest."

We chatted a long while. I found out that one orders *Canard aux olives* when one dines with a lady for the first time and counts on drinking with her a bottle of champagne in a *boîte de nuit* later in the evening, but on nothing more conclusive. That *Tournedos Rossini* is for celebrating an occasion after the job had been done. That *Coq au Vin* is a treacherous dish and should never be eaten by people with a nervous temperament and with imaginatio I learned many more things and shall always believe in them. I sha also believe that Paris is the pla where it is impossible to discov where pleasure ends and wisdom b gins, so intimately are the two e twined. Here the spirit is nev ashamed of the body and the min considers it its duty to ennoble man instinctive cravings and hungers.

Of course, rabid readers of existen tialist literature have come to th conclusion that such harmony of th senses is past history in France. Th disciples of Sartre have made by words of such ideas as "guilt," "nau sea," "futility," "nothingness." Pleas ure was faithfully followed by de spair; and love was only a means t annihilation.

Curiously enough, however, prac tice never followed theory in existen tialist circles. The youngsters aroun the basement night-clubs of the Boule vard St. Germain might have let thei hair grow long and made worthy efforts to acquire sombrely thought ful expressions, while their feminin counterparts manifested their rejec tion of the world by a frowziness un surpassed in the annals of Frenc fashion. Nevertheless, their tragi poses only enhanced their enjoymen of their irresponsible years; and i —symbolically speaking—they drank champagne out of skulls, they wel knew the difference between tha vintage and *vin ordinaire.*

As time passes on, some of the young followers of Sartre begin to feel the need to participate more ac tively in politics, while others are being swept away by the renewed feeling of traditional French *joie de vivre*—a feeling that is slowly but undeniably rising out of the apathy and confusion in the wake of the bit ter hours of defeat and occupation.

A look at the list of plays to be presented in Paris during the coming season shows a decisive trend back to the old traditions of the French thea ter. Jacques Duval figures with no less than three new plays, and roman tic love stories and daring comedies hold sway much as they did in the mid-twenties.

Somehow, collective Paris is better ff than the individual Parisien. Paris as always been the place where it as easiest to be poor. This is as true oday as when François Villon cadged eals at every inn, or when Rodolphe ourted Mimi in an unheated garret.

The generosity of Paris is endless, nd its gifts are always just around ie corner.

HERE is a Parisian story, told by a riend about the rapport between city nd people, and what it does to imagnation and personality.

This sentimental young journalist as stopped one day on the Avenue Kléber by a girl. She was hatless, ad a shock of unruly redish hair, a arrow little face, and laughing eyes. "*Monsieur, s'il vous plaît . . .*" she aid, pushing under his nose the adress of the Banque de France, explaining in sign language that she as unable to find it.

It turned out that the girl was from inland. After a sojourn of two eeks in Paris she was slated to reurn home the next day. In the meanime she had spent all her francs, nd was told that perhaps the official ank might change her Finnish Iarks.

Before he left her, my friend assured the girl that if she were to be nsuccessful at the bank he would be happy to lend her some money which she later could send back to him from Finland. He gave her his phone number.

Three hours later his phone rang.

"Please," the Finnish girl's voice came through in embarrassment, "first of all, before you misunderstand me, I must tell you that I'm not calling you because I need money."

"Why are you calling me then?" he asked and she hesitated.

"Because this is my last night in Paris. And I feel alone. And it's so beautiful here, and . . ."

She stopped short, and later in the evening they had dinner together.

"You understand, *mon vieux*," he was to tell me later. "She was full of Paris, of sunshine, of happiness. She had never seen the like of this place. Coming from the North she was filled with enchantment. She was bursting with gratefulness, with the desire of loving, of giving, of expressing somehow the enrichment she felt in all her senses. Well, we didn't part that night. And for the first time in my life I encountered real generosity and understood what radiant joy of life meant."

He paused and smiled.

"This happened this spring. And she is still the most radiant woman on earth. I ought to know it. Today she is my wife."

He turned toward me confidentially.

"But I don't want to mislead you," he added. "Such things happen here in Paris by the thousands, but in most cases they don't end quite so conclusively. Only, I beg you to believe, they are no less beautiful for that."

CURRENCY IS ONE OF HONG KONG'S PRINCIPAL COMMODITIES.

HONG KONG:

Calm confronts the Communists

By HARLEY LEWIS

HONG KONG (BY WIRELESS)

HONG KONG, which means "fragrant harbor," has been variously described as the "brightest gem in Britain's crown of Empire" as the "Crossroads of the Far East" as the "banking and insurance metropolis of the Pacific" as the "Asiatic Delaware," and the principal entrepôt, or transshipment point in the Orient.

By any name, Hong Kong means trade—big league trade—in many languages and for many conflicting interests. This British crown colony has become so vital an international market place and listening post that it appears that it will be spared immediate invasion by the victorious Chinese Communists.

From behind "stingers" and "gimlets" experienced Hong Kong observers admit that the colony may be destined for hectic times, once Mao Tze-tung's "liberators" occupy Canton—a mere 100 miles from Hong Kong's unfortified border. But they don't believe that the Chinese Communists are currently in any position to oust the men in possession.

The British, however, are taking no chances. They maintain more than 30,000 well-equipped troops—about 60 per cent veterans of World War II in readiness to resist attempts at invasion. Supporting these troops, of course, would be Royal Navy and Air Force squadrons that could be dispatched to Hong Kong swiftly if the need should arise. Other units to aid particularly in defeating any fifth column movements or direct attacks, include the Hong Kong police force of 3,500 men; auxiliary police totaling about 2,000 volunteers, and a defense organization composed of about 5,000 resident volunteers of all nationalities.

The defense commander in charge of all the British forces in the Hong Kong command is Lieut. Gen. F. W. Festing. He stands a towering 6 feet, 4 inches, and has stated that any attacks from the Chinese mainland would be met with much more formidable opposition than occurred in December, 1941, when the Japanese occupied Hong Kong after only 18 days of fighting.

Since Mao Tze-tung's "People's Liberation Army" has never been pitted against a first-class, powerfully equipped fighting force it is in no condition to take on Britain's best. Armchair strategists, who abound in Hong Kong, frequently mention the fact that a few aircraft carriers off the China coast could unleash a terrible fury upon China's industrial centers. The possibility that Communists might boycott goods from Hong Kong is regarded as too costly a boomerang.

"It is inconceivable that the Chinese Communists would ever launch an aggressive, military attack on Hong Kong," according to one of the most astute editors in the colony. "But they may, at a future date, resume negotiations for the earlier termination of the lease of the New Territories. This lease, though, still has 45 years to run."

The famous port of Hong Kong, which has a reputation for record speed in unloading and turn-around of ships, last year handled approximately 17 million tons of river and ocean shipping and 2.5 million tons of trading junks in foreign traffic. It also took care of 1½ million passengers. Hong Kong's imports in 1948 totalled (in Hong Kong dollars) $2,077 million, while exports amounted to $1,582 million—the biggest trade volume in the colony's history. The Hong Kong dollar is worth 25 cents. Imports represented an increase of nearly 34 per cent over 1947 and exports were more than 30 per cent higher. Of the colony's total imports last year, 27 per cent came from the British Commonwealth and 18.6 per cent from the United States. Exports from Hong Kong to the British Commonwealth in 1948 were 26 per cent of the total exports.

Hong Kong is a free port, with no general tariff or protective duties. Some revenue-producing duties, however, are in effect. They are confined to liquor, tobacco, hydrocarbon oils, toilet preparations, proprietary medicines and table waters. There are preferential scales of duties for British Empire liquor and tobacco produced in the Empire.

The port's fabulous trade is basically an exchange of raw materials of the Far East for the manufactured products of Europe and the United States. Foodstuffs, vegetable oils and textiles comprise the leading commodities. These items account for almost 50 per cent of exports and imports, while metals, chemicals, dyes, tobacco and paperware make up another 25 per cent of the trade.

Political events in China have caused substantial shifts in the directions of Hong Kong's trade, according to Kenneth Keen, acting director of Hong Kong's Department of Commerce and Industry. He pointed out that the colony's recorded trade with China now represents only about 20 per cent of Hong Kong's total volume as compared with nearly 40 per cent before the Japanese war with China. Trade with Korea, the Philippines, Japan, Indonesia, Macao and Siam has shown marked increases.

Hong Kong's merchants are fairly confident that after the fall of Canton, the Kowloon-Canton railway and the roads from Kowloon to other parts of China will stimulate trade with Red-held areas which have been throttled by the Nationalist blockade of Communist-occupied seaports. It is pointed out that Red China needs foreign exchange urgently for a multitude of recovery requirements—such as steel and oil equipment, trucks and construction machinery. The only way this exchange can be obtained is through the sale of Chinese goods.

Hong Kong, the only deep-sea harbor between Shanghai and Singapore, is indispensable to the economy of any government in control in China. P. S. Cassidy, chairman of the Hong Kong General Chamber of Commerce and Chairman and Managing Director of John D. Hutchinson & Co., an import-export firm, put it this way:

"Whatever the outcome of the present political struggle, the produce of China must find an outlet to foreign markets and the standard of living, however relatively low it may have sunk, demands consumer goods which mainly come from outside. Ways and means will be found to maintain the exchange of produce for goods, and although I may be accused of wishful thinking, I still believe that China has greater need than ever of the services which Hong Kong can supply and that she will continue to look to us to fulfill our functions as an entrepôt."

In similar vein, Sir Arthur Morse, chairman and chief manager of the powerful Hong Kong & Shanghai Banking Corp., asserted that while those engaged in foreign trade in China "must be prepared to face an entirely new situation during the coming years," he did not expect foreign or Chinese merchants experienced in trading on the China coast "to pack up in despair."

"It is true that China has been plagued with internal disturbances as long as one can remember," Sir Arthur said, "and yet international trade has gone on with a fluctuating but not unprofitable import-export market and with lucrative possibilities for the shrewder and more efficient business men."

The Hong Kong & Shanghai Banking Corp. building on the bustling waterfront, which houses the American Consulate, is a celebrated landmark. The bronze lions at the entrance to the modern building are a big attraction for the Chinese, many of whom bring their children to stroke the paws in the belief that this will bring success and prosperity.

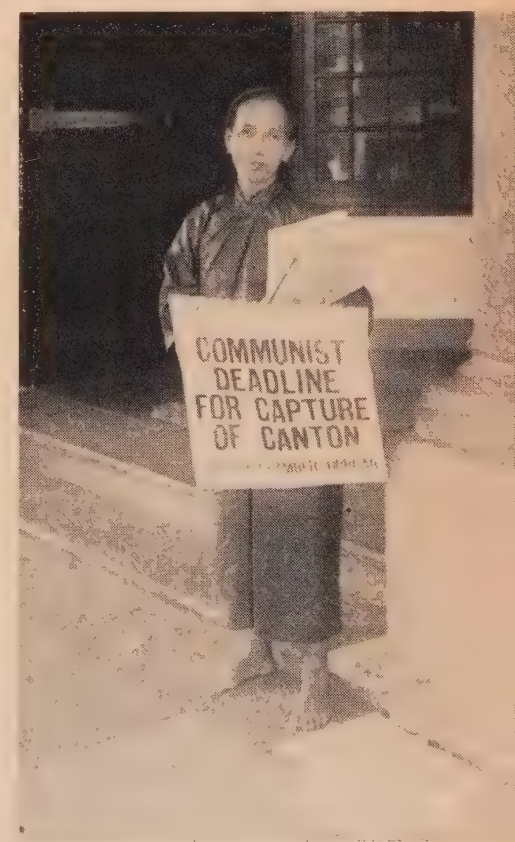
Another of Hong Kong's most prominent businessmen, U Tat Chee, chairman and managing director of the Hong Kong Preserved Ginger Distributors, Ltd., a syndicate of ginger factories, and vice chairman of the Chinese Manufacturers Union, has revealed that Chinese traders in Hong Kong are in possession of vast quantities of United States dollars that are available for goods for Eastern markets. His advice to American businessmen seeking outlets for their goods in North China is that they work chiefly through agents in Hong Kong, because of the intricacies of dealing with merchants in the Communist-occupied areas.

In a blunt editorial, entitled "To Trade Or Not To Trade," the authoritative *Far Eastern Economic Review*, published in Hong Kong, asserted that "with China red or blue, trade should and will continue."

"Although the tone of some Communist party spokesmen sounds very belligerent," the magazine stated, "the character of the Chinese people is truly peaceful and aggression is abhorred. Business with China, subject to certain limitations imposed by political foresight, can be developed without any misgivings about the possible strengthening of an 'enemy.' Unfortunately, it is not so much up to foreign countries to improve trade in China but a question of Chinese export capacity, creditworthiness and solvency which will determine the extent of trade."

Confidence that the Chinese Communists will not risk an armed attack upon Hong Kong at this time prevails not only in busines circles, but also among military men, journalists and foreign government officials stationed here.

Aside from Hong Kong's great usefulness to the Communists as a trading center where their agents can arrange purchase deals with far less



BAREFOOT newsgirl shares Colony's calm in face of screaming headlines.

Hong Kong: *continued*

complications than in other areas, the following reasons have been cited for supporting the belief that Mao Tze-tung may defer any claims to Hong Kong for the present:

A British-controlled Hong Kong gives the Chinese Communists access to a superbly equipped seaport and obviates the necessity of depending exclusively on Russian aid.

Hong Kong has proved to be a place of refuge for wealthy Chinese and for Kuomintang officials who fled Red-held China. It also could serve in the future as a haven for Communist leaders if their political fortunes should take a sudden nose-dive.

Should Chinese Communist nationalist aspirations ever cause a rift with the Russians—who are also foreigners occupying strategic areas of the Chinese homeland — Hong Kong would be needed as a strategic point of contact with the western powers.

While some of these reasons may appear fantastic at the moment, it is well to remember that in oriental politics nothing is far fetched. A highly-placed British official in Hong Kong, who has been studying the tortuous ways of Chinese politics for nearly 30 years, remarked that the same Mao Tze-tung, who is now following the most rabid anti-western line, might one day, if opportunism so dictated, lead to Washington a delegation seeking loans or credits.

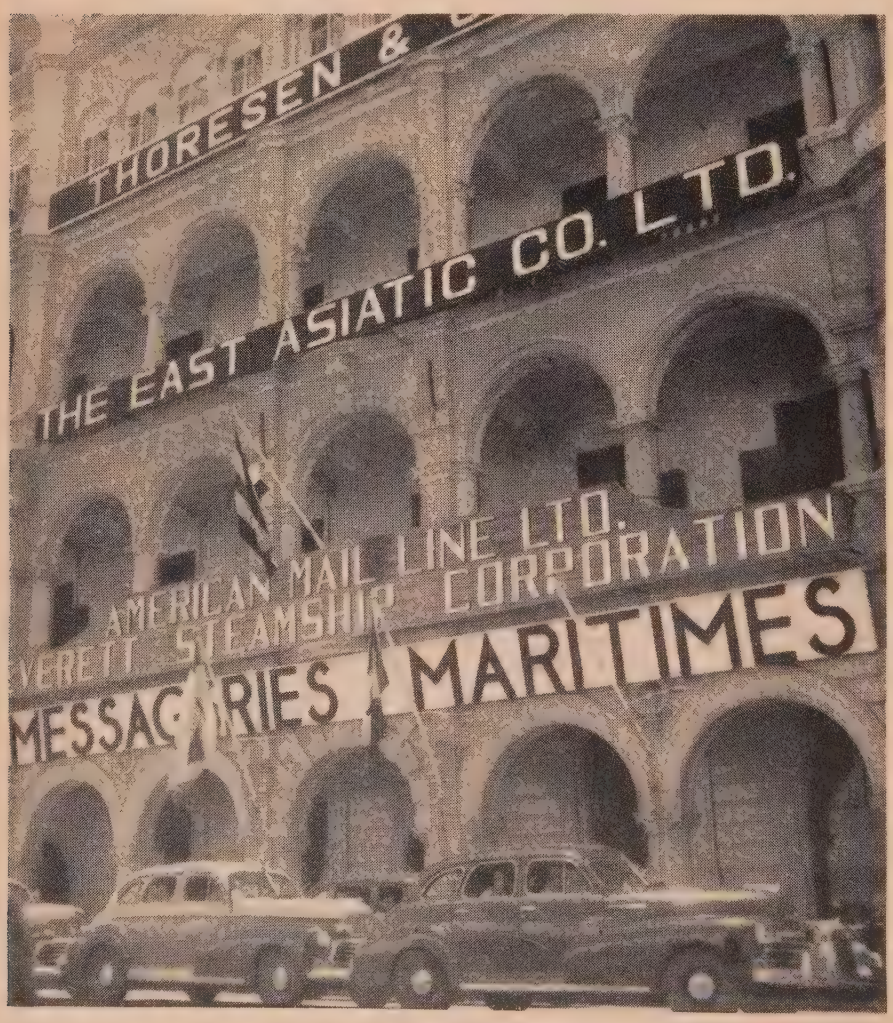
Attempting to predict the attitudes of Hong Kong's Chinese masses after the Communists establish themselves at the gates of Hong Kong is a futile pastime. It should be noted, however, that the comparative tranquility of the colony and its opportunities for higher earnings have been greatly appreciated by Chinese workers, who are probably healthier and more prosperous than their brothers on the mainland. The typical non-foreig Hong Konger smokes low-cos American cigarettes, drinks aerate waters and usually has a fine co lection of store-bought gold teeth tha help considerably in the "face" de partment. He has a good deal unde the law and order-conscious Britis and knows it. The Communists wi have to give him quite a convincin sales story before he helps "liberate himself. And Hong Kongers are no toriously sharp salesmen, themselve

Hong Kong's Police Commissioner D. W. MacIntosh, who is confronte with a very ticklish security problem estimates that among the colony' population of nearly 2,000,000, ther are approximately 4,000 Communis party-members, "aspirants" seekin to join the Party, or fellow travellers Police authorities have perfected de tailed plans for dealing with any at tempt of organized sabotage or fift column activities.

Chinese nationals, of whatever po litical affiliation are permitted to ente Hong Kong freely, without passports visas, or other formalities. Associa tions, however, which are subordinat to outside political parties are pro hibited under the provisions of th so called "societies ordinance," whic has been adopted in the recent pas As a consequence, several Kuomin tang clubs and party headquarter were dissolved. The Communists ha no official headquarters in the pas and can not establish one legally. A individuals, however, they are no molested as long as they obey loca laws and regulations.

Hong Kong, even though it ma not be earmarked for imminent in vasion, can not remain indefinitel what the British call "an oasis o political and financial stability" i the turbulent Far East. Once th Communists knock at Hong Kong door along the 17 mile frontier tha divides the colony from the main land, it can be confidently expecte that harassment of the Hong Kon government would be sparked by pro Communist agents and sympathizer now living within the colony.

Of one thing we can be sure— Fragrant Harbor is in for roug weather for a long time to come.



Fourth General Assembly

59 Nations Take Bearings

On These Crucial Issues

1. ***Boiling point on Italian Colonies***
2. ***Final carve-up of Palestine***
3. ***Child hostages of Guerrilla Greece***
4. ***Timetable for Indonesian freedom***
5. ***Shadow of civil war over Korea***
6. ***New sprint toward Atomic Control***
7. ***"Show-how" for underdeveloped countries***

By LAURA VITRAY

NOW THAT the delegates of 59 nations have unpacked their briefcases at Lake Success for the Fourth General Assembly of the United Nations, it is appropriate to assess the progress made this year on the course mankind has charted for itself toward universal peace.

News of political and economic crises, of cold wars and shooting wars that pepper the international scene, continues to stream tumultuously from press and radio. Often it profoundly affects the business men, farmers and housewives who listen in. For them, the bright star of hope that streaked across the sky over San Francisco at the birth of the United Nations, has grown a little dim. The recent words of Trygve Lie therefore come as a surprise. For the UN Secretary General reports that: "The record of the United Nations during the past twelve months has clearly confirmed the wisdom of the San Francisco concept. The United Nations has stopped wars in different parts of the world; it has developed international cooperation in almost every field of human activity on a scale never before attempted."

A chief source of the UN's growing strength, in the S-G's view, is "the evolution of the General Assembly into one of the strongest forces for peace the world has ever seen." In the history of the UN since San Francisco, this is one of the most unexpected developments. For the General Assembly is a deliberative body. It lacks legislative powers and ability to enforce its resolutions through sanctions. It functions mainly as a "public opinion forum" for the peoples of the world and their governments great and small. The Charter designates the Security Council rather than the Assembly as the UN organ to fulfill the central purpose of UN existence: prevention of a new world war. Yet the Assembly speaks with ever-increasing authority. It has demonstrated the moral weight of its judgments against aggressors. In every outbreak of violence anywhere, it has proved a powerful ally of the Security Council. Moreover, the small nations, using the Assembly as their rostrum, have been apt and alert in neutralizing the conflicts of the Great Powers.

The agenda of the Fourth General Assembly is crowded with "progress reports" of every UN organ. Some of these deal with long-range economic and social problems which affect the peace, such as poverty in Asia, and human rights everywhere. Others concern issues which—like the Berlin blockade, or the fighting in Palestine or Indonesia—for a time harbored a serious international threat. Not all these

General Assembly *continued*

have been resolved. But the influence of the UN has helped to take the heat out of most clashes, reduce friction and remove them to the safety of the conference hall.

The Ex-Italian Colonies

In deciding what to do with the former Italian colonies, the Fourth Assembly is up against a dilemma that stumped the Foreign Ministers of the Big Four. They turned it over to the Assembly a year ago, in accord with the Treaty provision requiring them to do so if they failed to agree by that time. Since then the Assembly's Political Committee has studied it exhaustively, but its recommendations were rejected when they came before the Third Assembly last Spring.

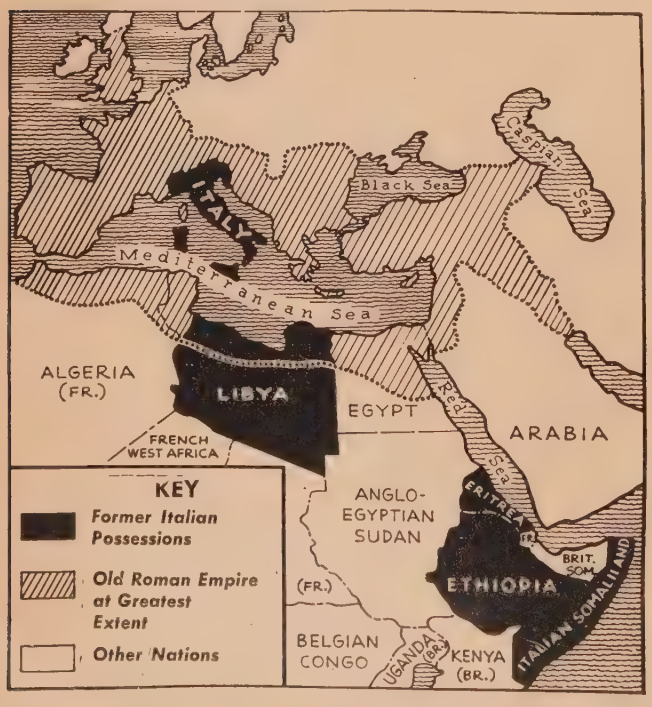
This time a final solution will be vigorously sought, and very likely reached.

The United States favors early independence for Libya, with a Special Advisory Council, an organ of the General Assembly, to help the local British and French military administration during the interim period, and also aid the local inhabitants to prepare themselves for taking over sovereignty.

Regarding Eritrea, the United States is backing the United Kingdom suggestion that it be reunited with Ethiopia, with the exception of the western provinces, which would become part of the Sudan.

Although the Secretary General, in his report to the Assembly, urged UN trusteeship for all three colonies, he is said to be impressed by the US recommendations.

FORMER ITALIAN COLONIES: Libya, Eritrea, Somaliland.



Political and economic interests far removed from Lybia, Eritrea and Somaliland blocked Big Four efforts to resolve the fate of their impoverished peoples. France and Britain, with colonial empires of their own, viewed endorsement of the trusteeship principle with a nervous eye. The USSR put in an early bid for trusteeship over an Italian colony. In the United States, and especially in the Latin American countries, there was much sentiment favoring return of these pre-fascist colonies to Italy. Though some United States experts agreed with this solution, the US proposal, in the meetings of the Big Four, supported United Nations trusteeship. As a result of recent studies and conferences the US has now modified its original stand.

Italy, of course, has been eager to keep the colonies. Her colonial record had been neither much better nor worse than that of the other Powers. She was the last of the European nations to acquire colonies; the largely barren wastes of Eritrea, Somaliland, and Libya, along with the Dodecanese Islands, were her only spoils until Mussolini took Ethiopia and Albania. Opinion has been divided about her administration of the African lands. In Libya, the pre-fascists made efforts to liberalize Italian rule by introducing a measure of representative government in Tripolitania and Cyrenaica.

The fascists ruthlessly exterminated the educated natives who made up Arab nationalist leadership. On the other hand, they built farms, mosques and schools and provided medical services in an effort to win friends among the Moslem masses.

Today Libya hopes for freedom in close association with the League of Arab States. However, various forms of trusteeship were proposed to the Assembly's Political Committee by the USSR, the United Kingdom, India, and eighteen Latin American states. Until recently only Iraq, speaking for the Arab states, demanded immediate independence for Libya.

Ethiopia early put in a bid for return of her lost provinces of Somaliland and Eritrea. As for Somaliland, all suggestions made to the Political Committee called for some sort of trusteeship. On the whole, the Powers were inclined to approve Eritrea's reunion with Ethiopia. Both Iraq and India proposed that a UN Commission be sent there to ascertain the wishes of the population. The USSR suggested giving Ethiopia an outlet to the sea through the Eritrean port of Assab, with UN trusteeship for the remainder of Eritrea. The UK favored its return to Ethiopia with the exception of the western provinces, to be incorporated into Sudan. This is the position which the United States will now support before the General Assembly.

Out of such conflicting views, the General Assembly must search for a settlement that promotes the welfare of these African peoples. The lands themselves are poor in resources: Somaliland and Eritrea with their hot, unhealthy coastal belts, Libya largely Sahara desert. But not far away lie the Suez Canal and rich oil fields that are expected to replenish the world's dwindling reserves. These considerations are not without importance in achieving a stable settlement.

Palestine

The second chapter of the peace story of Palestine is only just beginning. The first ended when Ralph J. Bunche, UN Acting Mediator, brought the bloodshed to a halt.

The struggle between Arabs and Jews that began even before the termination of the British Mandate in May, 1948, had reached a desperate impasse by autumn of last year. Open warfare violated the cease-fire and truce orders of the Security Council. Last September came news of the assassination of Swedish Count Folke Bernadotte, the General Assembly's UN Mediator for Palestine. Mr. Bunche had been chief of the Mediator's staff. The Secretary-General charged him with continuing the effort to get both parties to comply with the cease-fire.

In November the General Assembly, in session in Paris, set up a Conciliation Commission composed of France, Turkey and the United States, to help Israel and the Arab states work out their differences, once fighting had stopped.

Under Mr. Bunche's supervision the truce became effective.

Negotiations at Rhodes, begun on his invitation, also resulted in permanent armistice agreements between Israel and Egypt, Trans-Jordan, Lebanon, and Syria. By July, the UN principle had prevailed in the Middle East, bringing about, in Mr. Bunche's own words, "the complete liquidation of the military phase of the Palestine conflict."

Stubborn issues remain to be solved. The Assembly at this session must weigh Commission proposals for a permanent international regime for Jerusalem, and for protection of the Holy Places. Israel, now a member of the UN, will work to retain Jerusalem and its 90,000 Jewish citizens, under her jurisdiction.

The Conciliation Commission's draft statute for a Jerusalem regime was drawn in an effort to maintain a middle position between the conflicting Israeli and Arab views, while following the General Assembly's resolution of last December, which asserted full United Nations sovereignty over the city.

The statute calls for a Jerusalem Government which would include a United Nations Commissioner, with a partly elective mixed council. There would also be an international tribunal and a mixed tribunal. While the plan envisages permanent international supervision of the Holy Places, most local administration would be left to the present Israeli and Arab authorities in their respective parts of the city. For this reason some critics of the plan insist that its effect would be to perpetuate the division of Jerusalem.

The Commissioner, under the statute, would be responsible for maintaining access to the Holy Places, for pilgrims, priests, ministers and visitors. He would supervise demilitarization and insure protection of human rights in the entire area. The General Council would consist of five members from each zone of Jerusalem and four appointed by the UN Commissioner. Its job would be to work out the details of trade and all other relationships between the zones.

The problem of Palestine is even more perplexing than that of Jerusalem.

The Commission has consistently backed the view that the partition of Palestine's territory cannot be separated from the fate of nearly a million Arab refugees who fled their homes in the face of hostilities, and are being kept alive by UN relief funds. In the talks at Lausanne, Israel has agreed that if the Gaza area is incorporated into its state it will accept as citizens the entire Arab population, both resident and refugee.

This would involve a gigantic project of resettlement, requiring international aid.

The Arab delegations insist on immediate readmission of the refugee populations to the disputed areas now under Israeli authority. They point out that the presence of hordes of uprooted wanderers in the mountainous regions of Palestine could turn to catastrophe when winter comes.

Rehabilitation of these "surplus" Arabs entails new agricultural and industrial projects to absorb them. The Commission has dispatched an economic survey mission to Palestine, under the leadership of Gordon R. Clapp, head of the Tennessee Valley Authority. The Middle East is sure to get technical assistance under President Truman's Point Four and from the UN's own program of aid to underdeveloped countries.

Thus, the UN's immediate task ahead is to help remove distress and raise living standards throughout Palestine. In regard to the task accomplished, the Secretary General observes: "The establishment of the State of Israel in Palestine without a major war is one of the epic events of history."

GREEK children, both boys and girls down to 14 years of age, were forced to fight with guerrillas, the UN has found.

General Assembly *continued*

Greece

In Greece, too, a new chapter begins with announcements that guerrilla forces have been virtually crushed. Here, too, overwhelming problems loom, the aftermath of German occupation, and of the recent insurrection. There is poverty, there has been a vast dislocation of the people in the north, and the readjustments may take years.

The end of warfare was hastened by Marshal Tito's withdrawal of support from the guerrillas, as well as by US military aid to the Greek Government. The presence of UN observer groups along the northern frontiers helped contain the strife and prevent it from touching off a larger war in the Balkans. Large "pockets" of guerrillas are reported still encamped in Albania and Bulgaria, and the Greek Government's big problem now is to safeguard the borders against further guerrilla inroads.

The General Assembly went into action on this persistent "trouble spot" in October, 1947, after the Security Council had failed to reach a decision on border violations by Greece's northern neighbors, Albania, Bulgaria and Yugoslavia. The Assembly set up a UN Special Committee on the Balkans, to help the parties achieve a peaceful solution. Early in 1948 the Committee began to make use of observation groups to check on the response of Greece's neighbors to the Assembly's injunction not to furnish aid to the guerrillas. The work of these groups has been carried out under the most dangerous circumstances, often in the very midst of the fighting between the Greek army and the guerrilla forces.

Last year, and also in its report prepared for the Fourth Assembly, the Committee stated that large numbers of Greek children had been removed from their homes to guerrilla camps in Albania, Bulgaria and Yugoslavia, allegedly for humanitarian reasons. Later, the observers declared, the guerrillas forced them to return and fight, utilizing both boys and girls down to fourteen years.

The plight of these children was the subject of a resolution at the Paris meeting of the Assembly and will certainly receive attention this year. Up to now not one of these thousands of "lost children," held as hostages b the guerrillas in their camps outside Greece, has been r turned, in spite of the action of the Assembly, and neg tiations carried on through the International Red Cros

The children are a part of the confused and trag picture of the refugees from the north, whose villages an forests were destroyed by the Germans, whose lands hav been still further destroyed and depleted by guerril raids. Families have been separated, hundreds of tho sands have trekked to other parts of Greece to elude sta vation and death. Still broader is the pattern of economi distress that affects the entire Greek population of son 7,000,000, and which can probably only be remedied b international collaboration.

PRESIDENT Soekarno of the Republic of Indonesia teaches adults to read as part of the task of the new democracy.

Indonesia

The explosive question of Indonesia, long before th Security Council, is scheduled to get its first airing b the General Assembly at this session. That fact will weig mightily with the Round Table Conference meeting at th Hague, where representatives of the Netherlands are try ing to settle their differences with the Republic of Indo nesia and other areas not included in the Republic. Sittin with them at the Hague is the UN Commission for Indo nesia, composed of Belgium, Australia and the Unite States.

The Commission originally functioned as the Securit Council's Committee of Good Offices. It was renamed an given broader powers last December after hostilitie flared anew in Southeast Asia, in defiance of the Securit Council's cease-fire order of August 1947.

For a time it had looked as if the truce signed by th Netherlands and the Republic in January 1948 ha brought violence to an end and cleared the way for a independent United States of Indonesia, of which the Re public would be a component part.

The Republic proclaimed its independence in Augus 1945, two days after the fall of Japan, and more than month before the arrival of Allied occupation force Against resistance of Indonesian nationalists, who feare resumption of Dutch rule, the British and Dutch troop were able to occupy only the chief ports of Java an Sumatra. After nearly a year of negotiations the Nethe lands and the Republic signed the Linggadjati Agree ment in November 1946. It was a blueprint for the new sovereign, democratic United States of Indonesia, to b fully established by January 1949 and linked to th Netherlands in a Netherlands-Indonesian Union.

The project, though approved by the Dutch envoy failed to gain popular and governmental support in th Netherlands. In the summer of 1947 Dutch troops begar a "police action," seizing control of commercially impor tant areas of Java, Madura and Sumatra.

The Security Council's cease-fire order was followed by the Renville truce. It did not, as expected, pave the way to better understanding. Some months later the Dutch were accused by the Republic of having imposed an economic blockade. Last December in Paris the Security Council met in emergency session to hear the report of

its Committee that the Netherlands Government had denounced the truce and begun military operations against the Republic. The Security Council ordered immediate cessation of fighting, and empowered its former Committee to act as a UN Commission for Indonesia. Among other things, it was to set up a timetable for negotiations on the establishment of an independent United States of Indonesia, and report to the Council if the schedule was not met.

From this has come the current Hague Conference, to arrange for transferring sovereignty to Indonesia within the next few months. News from the Hague indicates that the conferees are off to a good start. They are meeting in the spotlight of General Assembly interest, which imposes upon them action in keeping with the UN spirit of conciliation.

Korea

Korea, where a rigid and impenetrable iron curtain stretches across the country at the 38th parallel, challenges the General Assembly's ingenuity and resourcefulness as never before. The Commission created by the Assembly at its last session to help unify north and south Korea has just reported total failure. It also states that there is a loss of faith among Koreans that the UN will be able to save them in their present grave plight.

The Commission sees hostility increasing between the Republic of Korea, established under UN auspices, and the Communist-dominated "Peoples' Democratic Republic," north of the parallel. Border raids are frequent and are growing in intensity. The march of events in China has emboldened Communist propagandists. Military preparations are in progress on both sides of the line. In the Commission's own words: "Military conflict in Korea would mean the most barbarous civil war."

Korea's present troubles were born of the military decision, at the end of World War II, that Japanese troops north of the 38th parallel in Korea should surrender to the Soviet forces, those south of the line to US forces. This was interpreted by Soviet authorities as defining two separate zones of occupation. Subsequent efforts to restore the unity of the Korean people were blocked. At Moscow in December 1945 the Foreign Ministers of the US, the UK and the Soviet Union agreed that a provisional Korean democratic government should be set up. But attempts of the US military authority in south Korea to carry out the terms of this agreement were thwarted.

In November 1947 the General Assembly recommended that the two occupying powers hold elections in their respective zones "as the initial step leading to the establishment of a National Government in Korea." The Assembly created a Temporary Commission to watch over these elections and see that they were fair. Its members were unable to gain access to the north, where a third of the population was excluded from the voting. As a result of elections held in south Korea on May 10, 1948, the Republic of Korea was set up and took over authority from the US Military Government. US occupation forces had been withdrawn by the end of last June.

On September 8, 1948, the Communist-controlled "Democratic People's Republic of Korea" was proclaimed in the north. It asserted that it had jurisdiction over the entire country.

In Korea today there is neither trading nor friendly communication between the two sectors. Resentments are mounting. The northern regime cut off the electric power supplied by plants in their region to users in south Korea. This, the UN Commission reports, has had "grave effects on the morale and economy of the south." The recent excellent rice crop and the ECA's promised help in modernizing tungsten ore milling equipment may offset this northern sabotage.

The Commission declares that "the worldwide antagonism between the Union of Soviet Socialist Republics and the United States of America continues to be . . . one of the basic factors underlying the present difficulties. Without a new effort by those Powers to reach agreement on the question of Korea, no substantial progress toward the achievement of unification . . . can be made."

East-West Conflict

The differences between the USSR and the Western democracies, including the United States, have been and remain a primary concern in many parts of the world. Like the trouble in Korea, the Berlin deadlock, which early in March 1948, halted all communications, transport and commerce between Berlin and the Western zones of Germany, was one manifestation. So also were the accusations made to the last Assembly—and held over for further discussion at this one—to the effect that human rights and religious and civil liberties had been violated in Bulgaria and Hungary.

After last September when the Berlin crisis was referred to the Security Council as a threat to world peace, some amelioration was achieved through direct negotiations of the East-West Powers. The chief stumbling-block is the need for a uniform currency in the two zones of Berlin. The four Powers agreed to a suggestion of Dr. Bramuglia, then President of the Security Council, that a committee of financial experts named by the neutral mem-

CHINESE babies are fed in a nursery in Nanking run by one of the field groups of the World Health Organization.

Dr. Alberto I. Alvarez, CUBA

Dr. Guillermo Sevilla-Sarcasa, NICARAGUA

Dr. Carlos Garcia Bauer, GUATEMALA

Stephen Alexis, HAITI

Mario de Diego, PANAMA

Dr. Enrique Rodriguez Fabregat, URUGUAY

General Assembly *continued*

bers of the Council study the currency issue. During the Fourth General Assembly the Big Four will exchange further views and arrange for a new meeting of the Council of Foreign Ministers on the whole German question.

Atomic Energy

Efforts to resolve East-West conflict have time and again faced their roughest going on international control of atomic energy. The Big Four, together with Canada and China, sponsored the resolution adopted by the General Assembly in January 1946, which set up an Atomic Energy Commission. It was charged with making proposals to eliminate the atomic bomb and other weapons of mass destruction from the armaments of nations, and to suggest how effective inspection could prevent violations.

On this subject of inspection, the talks of the Commission have reached total stalemate. Its recommendations for "a strong and comprehensive international system of control and inspection" envisaged the necessity for all nations to undertake by treaty to grant the UN Agency rights of inspection in any part of their territory. To this the USSR is unwilling to agree. Moreover, its attitude has been that the first step in removing the menace of atomic warfare is to require the destruction of existing stockpiles of atomic weapons, with international inspection to be considered later. Such a procedure has not been found

Latin American Faces

At The General Assembly

as seen by

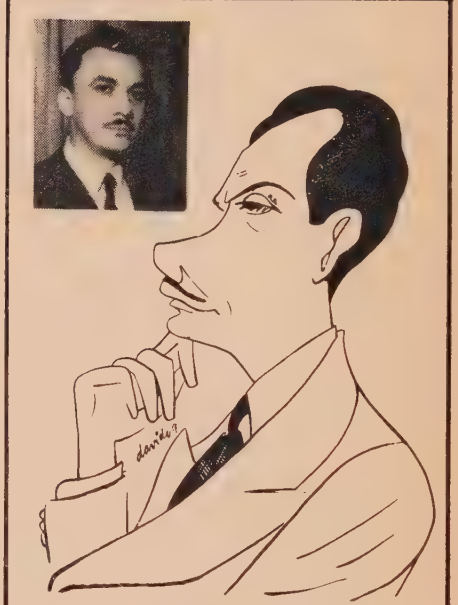
Juan David

Dr. Roberto Urdaneta Arbelaez, COLOMBIA

Dr. Homero Viteri-Lafronte, ECUADOR

Hernan Santa Cruz, CHILE

Eduardo Anze Matienzo, BOLIVIA



Dr. Carlos Eduardo Stolk, VENEZUELA

acceptable either to the United States or to the other Western Powers.

At the instigation of the Assembly's Political Committee, the six Powers which sponsored the 1946 resolution have met to explore the way out of the impasse which prevents the world from saving itself from the horrors of future atomic war. The Fourth General Assembly will hear their report and must determine its own next moves.

UN Guard

In contrast to the terrifying possibilities of the atom bomb is the request of the Secretary General for a UN Field Service of 300 uniformed men to guard headquarters and serve with the various UN Commissions in troubled areas. He has also asked for a panel of 2,000 men who could be called on for truce observation and plebiscite duties. This UN Field Service would carry no arms, except side-arms for self protection in emergency.

New Members

East-West conflict has been holding up General Assembly action on most of the 14 UN membership applications which have been pending for two years. They are from: Albania, Mongolian Peoples' Republic, Jordan, Portugal, Ireland, Hungary, Italy, Austria, Rumania, Bulgaria, Finland, Ceylon, the Republic of Korea and Nepal.

Regarding their admission the S-G reminds the Assembly that the goal of "universality" of the UN is important.

General Assembly *continued*

Economic and Social Reports

Less spectacular than international discords, but equally vital to the peace, is another large body of reports that will be laid before the General Assembly. They come from the Economic and Social Council, and its affiliated Specialized Agencies.

The Council is the organ of the UN concerned, not with immediate conflicts, but with long-range economic problems—such as those of post-war Europe, or the underdeveloped regions of Asia, Africa or South America; and with social problems, such as the recognition of human rights, which might ultimately affect the peace.

The Specialized Agencies, it should be recalled, are international organizations in their own right. Their members may or may not be members of the UN. The Universal Postal Union, for example, existed before even the League of Nations; the International Labor Organization (ILO) was League-inspired; the Food and Agricultural Organization (FAO) was UN-inspired. Yet all maintain a close relationship with UN through the Economic and Social Council.

The Council also has its own regional commissions. These in the past year have surveyed the economic resources and needs of broad areas, helping especially to remove obstacles to cooperation among the nations. Thus the Economic Commission for Europe has fostered better exchange of food products and coal, thereby reducing import requirements. Its efforts contributed to the 30 per cent increase last year in Europe's steel output. It coped with production bottlenecks in industry, with coordinated development of European hydro-electric power resources, with problems of transport, manpower and trade.

Both the Economic Commissions for Asia and for Latin-America found that improvement of the food situation was urgent. They are drawing upon the Food and Agricultural Organization (FAO) to help them step up food production in grains, livestock and dairy products. They are likewise dealing with related needs in transportation, fertilizers, fuel and power.

The Show-how of Know-how

Most important of all the actions taken by the Economic and Social Council at its ninth session held recently in Geneva, was to adopt an expanded technical assistance program for the underdeveloped areas. Priority will be given to the countries having the most urgent need. They will be expected to give "full and prompt" consideration to the guidance they receive, and to mobilize their own technical, natural and financial resources to improve living standards.

The debate on the program emphasized that it was not to be a supply operation like UNRRA, but a broad new scheme for the international exchange of knowledge useful in economic development: the "show-how" of "know-how."

Rough estimates of the cost of the program ran as high as $36 million, but the United States representative believed that not more than $25 million could be spent effectively the first year.

The President of the Council, Mr. James Thorn of New Zealand, said of the program: "A new note has been struck. The underdeveloped areas are now to be regarded as within the sphere of influence of the United Nations . . . We have deemed it a duty to help the underprivileged as an international obligation, and as we succeed this will reduce the tension and dangers which flow from degradation and inequality."

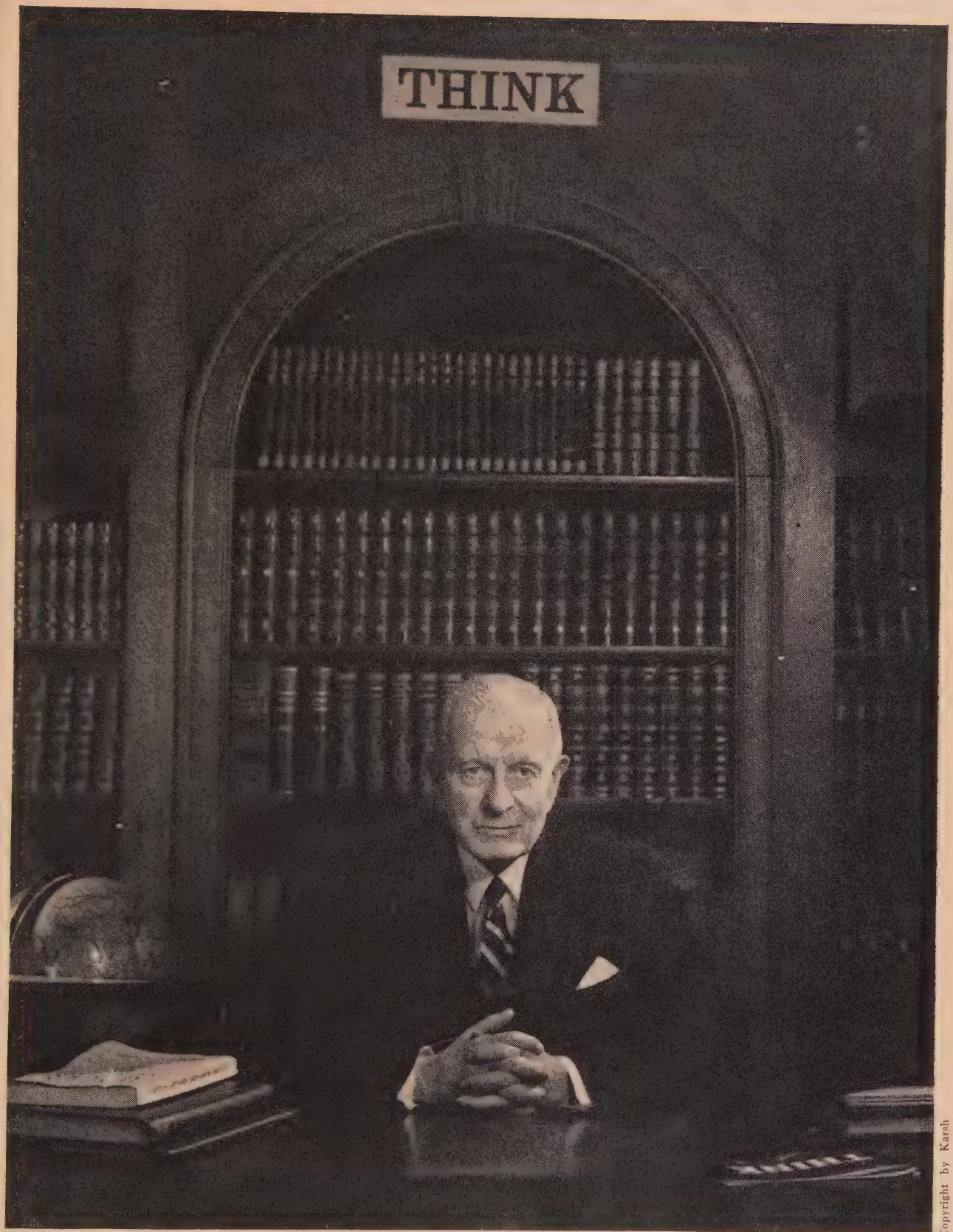
Specialized Agencies

"Although more than two thirds of the world's population is still chronically undernourished," says FAO's 1949 report, "there have been, during the past few months, several changes in the world food situation, particularly the emergence of surpluses in certain countries . . . likely to involve some far-reaching economic consequences." It points out that wheat stocks in the USA were 50 per cent higher in July of this year than last year; coarse grain stocks three times as high; and that there has been steady improvement in food production in Europe. It concludes that "the twin problems are to stimulate production in the underdeveloped areas and to find ways of transferring to the deficit countries the abundant supplies of the areas able to produce them economically and effectively."

The World Health Organization (WHO) reports on its network of field services which are operating in many countries of Europe and Asia, focussing a planned attack on the three scourges of malaria, tuberculosis and venereal diseases, but also setting up facilities for maternal and child health and public health care. "Malaria," the report says, "still incapacitates and kills millions of people in many parts of the world, but lends itself to effective new measures of prevention and cure. . . . Tuberculosis having reached epidemic proportions in many war-stricken countries, international action was needed. As a result of the second World War, the numbers suffering from venereal infections had greatly increased, intensified measures of control were required, and penicillin, recently introduced, has proved effective."

UNESCO's report refers to its worldwide campaign for educational, scientific and cultural reconstruction, and says: "Four years after the end of the war, thousands of schools and universities, libraries and museums remain to be rebuilt and re-equipped. Shortage of educational materials still paralyzes teachers in a great many countries. Children lack the educational facilities to which they have a right."

These and other reports of the Specialized Agencies—the World Bank, the International Civil Aviation Organization, the International Labor Organization, will provide the Fourth General Assembly—the Forum of Nations—with the basic facts whereby it can take its bearings on the world's progress toward peace.



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THOMAS J. WATSON, SR., PRESIDENT, INTERNATIONAL BUSINESS MACHINES

WORLD TRADE *section*

My 40 Years in World Trade
by Thomas J. Watson, Sr.

Economic Credo of Jawaharlal Nehru
by A. K. Dutt

"What I Have Learned From 40 Years of World Trade"

By THOMAS J. WATSON, SR.

President, International Business Machines

"WORLD Peace through World Trade" has been my philosophy for many years.

The essence of peace is the spirit of conciliation and understanding which naturally develops out of mutually beneficial commercial relations. This is the philosophy of the International Chamber of Commerce, which since the first World War has made steady progress in bringing together the business, financial and professional men of the world to promote the development of conditions which will make possible the expansion of world trade. The recent Congress of the International Chamber held in Quebec confirmed the policies on which the Chamber was built and made additions to the program to meet changed world conditions.

The greatest guarantee of world peace is through the establishment of sound economic policies and proper adjustments of trade barriers which will make the resources of the world available on a fair basis to all nations regardless of size or political importance.

The world can produce enough to supply adequately the people of all nations; and science, engineering, business, finance and government are working together to expand the efficient utilization of the world's resources. The recent United Nations Scientific Conference on the Conservation and Utilization of Resources brought together 700 scientists and experts from 44 countries for the purpose of exchanging ideas and skills for developing a better use of world resources.

These natural resources, the quality of the soil and the talents of the people are unevenly divided among the nations of the world. Each country is capable of producing certain things to best advantage and it needs many of the things that other countries are best able to produce.

The countries of the world are interdependent. Some people may think that the United States, with its wealth of resources, could live and prosper independently of the rest of the world. Perhaps it could, but it would reduce our living standards to a point with which we would not be satisfied.

The United States is a long way from self-sufficiency. Imports are the most vital element in connection with our foreign trade. We are so highly industrialized that if we did not get imports from a long list of foreign countries we could not keep our wheels of industry turning and our people employed. Our standard of living could not be maintained without the products of other nations chiefly in the form of raw material.

Since the war, nearly two-thirds of the wool used in clothing our people has come from abroad. We depend entirely upon imports for our supplies of jute and hemp. There is great demand for the coffee of Latin America.

Our chemical industry draws heavily on foreign sources of materials, importing two-thirds of its iodine, large quantities of nitrates and raw chemicals and drugs for medicinal purposes.

We normally import about 40 percent of the mercury used in this country for metal refining, printing, the electrical industry, photography and the manufacture of technical and professional instruments. Many valuable alloys which, although not used in great quantities, have a profound influence on our mass production system, come to us from other countries. Forty commodities from 57 different countries are required to keep our great basic iron and steel industry going. The automobile industry depends upon imports of 68 ingredients from 57 different countries.

Tungsten, used in making high-speed steel and filaments for electric lights and radio tubes, comes from 18 countries in five continents. Vana-

dium is another rare metal used in special alloy steel and in making sulphuric acid, and normally one-third of our supply comes from South America. We produce less than one-fifth of our requirements of manganese, the most commonly used alloy in the metal industries, and also required in making electrical batteries and in the ceramic and glass industries.

Domestic sources can supply only about 10 per cent of our needs for antimony which is used in storage batteries, cable coverings and bearing metals. Chromium, the basis of stainless steel and a valuable alloy with aluminum for heat resisting purposes, is produced to the extent of 1 per cent of requirements. The other 99 per cent comes from 15 countries.

The aluminum industry normally imports 50 per cent or more of bauxite, its basic raw material. We produce practically no tin in this country. We import almost all of our total requirements of nickel, a valuable alloy in steel and widely used in the chemical, electrical and plating industries.

Our paint and varnish industry is dependent upon foreign sources for many pigments and particularly for shellac, of which there is no domestic supply.

Reviewing the list of today's necessary imports, we find that many of them were of slight importance three or four decades ago. The development of the automobile industry, the electrical industries, the canning industry, and modern methods of production in recent years have converted many materials such as tungsten, manganese and chromium from non-essentials to vital necessities. This process is a continuing one —our new atomic energy program draws on vital uranium sources in Canada and the Belgian Congo.

This is one side of the picture. The other side is the importance of exports in our national economy. The United States produces almost half of the manufactured goods of the world and in normal times we consume about 90 per cent of what we produce with 10 per cent going into export channels. But this 10 per cent is an average figure and it runs much higher for many of our farm and factory products.

Our exports in 1948 amounted to $12.5 billions and this total included $1.7 billions of grain products, $929 millions of automobiles, parts and accessories, $777 millions of chemical products, $657 millions of petroleum products, $650 millions of steel mill products, $503 millions of raw cotton and an additional $498 millions of cotton manufactures, $491 millions of electrical machinery, $415 millions of meat and dairy products, $382 millions of agricultural machinery, and $287 millions of tobacco products.

BEHIND these export figures are several million American jobs on the farms, in the factories, in transportation, packing and shipping—all directly related to our export stake in foreign trade.

We too often find a tendency to think of our foreign trade only in terms of these goods which we are able to export rather than as an exchange of goods and services with other nations. International trade is a two-way street—it means buying as well as selling and this principle is of even greater importance today.

The post-war world placed a tremendous demand upon the productive facilities of the United States to meet the needs of economic recovery and reconstruction in the war-ravished nations. Our exports showed a sharp expansion and were financed in part by gifts, loans and various programs of economic assistance. As our contributions along these lines make it possible for these nations to restore their normal production, we must seek to work out with each of them, on a fair basis, the necessary adjustments that will permit an expanding flow of imports and exports among all countries.

In the war and post-war years the American people made a tremendous contribution of manpower, materials, money and experience toward winning the war and working to win the peace. We have made these contributions freely and without complaint because we look upon them not as an expense but as an investment in the interest of people in all countries including our own. Most of our people are ready and willing to continue all possible assistance to like-thinking nations until the goals of economic and political security and stability are achieved.

The valuable experience we have gained in the past has given us the know-how to do a better job in the future. What we accomplish in the future will depend upon how well we apply what we have learned in the past plus our vision of what the future of this world can be.

The United Nations and all that it stands for is an expression of this vision of a future world. Through the United Nations all countries can work together to develop political, economic, social and other policies that will create a world in which each country and its people can live in freedom, in independence, and with respect for their rights and for the rights of all other countries and peoples.

Along these lines we are cooperating with the representatives of other nations in drawing up long-range plans for social and economic betterment and are seeking to create the sound economic foundation for a new and better world.

This must be an effort to which all nations make their contributions as partners. It must be based on the Golden Rule. This is the basic principle of all good human relations. It is as true for nations as for individuals and it is the only means by which peace and harmony can prevail throughout the world.

Sometimes people wonder why the United Nations is not accomplishing more. They fail to recall the fact that when we became an independent country it took us twenty years to agree on our Constitution, which has since been amended several times. The United Nations is dealing with the problems of a vast, complicated world of many languages and diverse customs. The results it has already attained give us great courage and the conviction that the United Nations is now a permanent part of our world and is going to benefit every nation which participates in its program.

NEHRU Builds India

The former socialist theorist puts markets ahead of Marxism

By ASOKE KUMAR DUTT
Prominent New Delhi journalist

"PEOPLE listen to Nehru, Nehru listens to Gandhi, and Gandhi listens to God," once remarked Lin Yutang. For despite Nehru's background as a wealthy Brahman aristocrat, he has always been a spokesman for the masses, serving as a link between the Congress Party and the people of India. While another leader may be primarily political or mystical in his approach, Nehru is primarily economic. He may act politically, he may even talk mystically, but he thinks as an economist and has developed into one with an increasingly practical turn of mind.

To understand Nehru's economic credo, as it has changed and matured in the face of new challenges, is to understand India as a slowly emerging giant in the world economy, to grasp its production and investment potentials. This is true, since Nehru is the symbol of the recurrent hero in whom the Hindu masses have unshakable faith. His economic philosophy will shape India's ways of work and wealth for generations to come.

To Nehru, Indian independence from the outset meant more than the release of political prisoners, or parliamentary rights, or handloom cloth. It meant freedom in terms of economic advancement, as he was the first to explain to India's people. In his lexicon, *Swaraj*, or freedom, promised more land to plough, higher wages, better homes and clothing. It made the villager conscious of his mud house and the shadow of hunger in the sun. It made the worker conscious of being underpaid. Freedom, as Nehru preached it, moved away from the transcendental to the tangible, while he laid the foundations for India's trade union movement and its peasants organizations from 1919 forward. It was at Nehru's insistence that the Nationalist Congress in 1929 proclaimed its belief in economic democracy as handmaiden to its strictly political goal of India's emancipation into a democratic self-governing state.

What is not sufficiently realized in

PANDIT JAWAHARLAL NEHRU WITH HIS YOUNG GRANDSON, RAJIVA

New Economy

the West is that the main impetus to Nehru's career has been, and remains, the desire to improve India's living standards, and to banish the systematic pauperization of its teeming millions. To achieve this goal, he has not only adapted his performance flexibly to hard stubborn economic facts; he has even shifted the premises of his thinking.

More than 20 years ago, he became convinced that India needed rapid industrialization to relieve the pressure on land and to combat poverty. He believed that no country could be politically or economically independent unless it was highly industrialized by means of modern technology. An industrially backward India, he felt, would continually upset the world equilibrium and encourage aggressive tendencies among more developed countries.

While he pictured a future India with heavy industries and tractors churning up the virgin soil, he was not unaware of the dangers of industrialization without coordination and control. The unequal distribution of wealth, the profits of the few at the expense of the many, persuaded him that an unregulated anarchic industrialization would not do much to improve economic conditions in India.

Socialism attracted Nehru for a time since, as an economic doctrine, it held promise of solving India's economic problems. As he studied Marxism, the long chain of historical development lost much of its obscurity and vagueness and appeared to have some meaning.

He viewed political freedom only as a first step toward a socialist State. In 1936 he for the first time voiced his unalloyed allegiance to Socialism. In his presidential address in that year, Nehru said, "I am convinced that the only key to the solution of the world's problems and India's problems lies in Socialism. I see no way of ending poverty, the vast unemployment, the degradation and subjection of the Indian people except through Socialism. That means vast and revolutionary changes in our political and social structure, the ending of vested interests as well as the feudal and aristocratic state system. That means the end of private property, except in a restricted sense, and the replacement of the present profit system by a higher ideal of cooperative service."

Nehru's acceptance of Marxist doctrines was not, however, unqualified. He was too much of an individualist and a believer in personal freedom to like regimentation overmuch. While Marxist theory, analysis and logic appealed to him, he found them wanting in certain respects. "Life is too complicated, and as far as we can understand it in our present state of knowledge, too illogical," he declared, "for it to be confined within the four corners of a fixed doctrine."

Nehru's own economic ideas were contained in a comprehensive report of the National Planning Committee in 1938, formed by the Indian National Congress. The Committee was set up with Nehru as chairman to draw up blueprints to help future planning of economic, social and cultural activities by the Government of Free India. There was an air of unreality about any such planning for Free India back in 1938, but the work was undertaken, nevertheless.

Perhaps one of the most significant things about this Committee was that it included industrialists and businessmen, agricultural experts and labor leaders who assessed various projects in concrete down-to-earth terms that impressed Nehru lastingly.

The recommendations of the Committee were more reformist than socialistic in outlook. It did not intend to exercise rigid state control over all industries, but rather to regulate them. The role of private enterprise was recognized, but its scope restricted. State direction of key industries was suggested, while it was proposed that public utilities be run by some semi-government agency similar to the London Transport Board. Cooperative farming and the right of the tiller of the soil to own land were endorsed.

In evaluating this report of the Planning Committee, Nehru declared: "Constituted as we were, not only in our committee, but in the larger field of India, we could not then plan for socialism as such. Yet it became clear to me that our plan, as it developed, was inevitably leading us toward establishing some of the fundamentals of the socialist structure. It was based on planning for the benefit of the common man, raising his standards greatly . . . and all this was to be attempted in the context of democratic freedom and with a large

NEHRU *continued*

measure of cooperation of some, at least, of the groups who were normally opposed to socialistic doctrine. That cooperation seemed to me worthwhile even if it involved toning down or weakening the plan in some respects."

During the decade that followed this report, and up to the present time, the massive destiny of India's 350 million people has been in large measure directed by Nehru. No important plan was set into effect without his approval. All vital decisions bore the impress of his consent. As Foreign Minister, he determined India's attitude in international relations. As Prime Minister, his views on economic affairs were mirrored in the government's domestic policy. India's government became known as the "Nehru Government."

Freedom entailed suffering in India and the Nehru Government faced complicated issues. The division of the country into India and Pakistan had adverse repercussions on the former's economy. The supply of raw materials was reduced, transport was dislocated, and this undermined production. Inflation threatened to throw the entire economy out of gear.

COTTAGE INDUSTRIES are livelihood of many families in India. Here father and son work at weaving rare and costly silk carpet.

The year 1947 showed the largest volume of industrial disputes in India's history resulting from demands for the Dearness Allowance (the cost of living bonus). Mass migration following communal riots left the soil untilled and crops rotting. Acreage abandoned by Moslems remained uncultivated. Floods destroyed crops. The blight of famine menaced the entire country. The newly born state was up against economic crisis.

The first eight months of freedom were a period of economic adjustment and stop-gap arrangements. Nehru's time and energy were mainly devoted to coping with the crisis which he confronted. He made a nation-wide appeal for joint efforts to repair India's crippled economy. He launched an all-out production drive to save the situation and to curb inflation which, in turn, would lower the cost of living and remove the primary source of labor disputes.

His efforts met with remarkable success by the end of 1947. Production showed an upward trend. All vital industries—jute, textile, steel and sugar—reached normal levels of output. Nehru declared all strikes to be an anti-social act; and as a result of his behest, together with general economic improvement, the strike curve went down. There were 3½ million fewer working hours lost within the next eight months, a 35 per cent gain. Stringent flood shortages were overcome by importing 2,400,000 tons of grain from abroad, especially the US. The danger of immediate starvation for millions was averted. By April 1948 the country's overall economic picture emerged as hopeful and encouraging.

In that month, the Nehru Government announced its future economic policy. The government is to exercise monopoly control over coal, iron, steel, aircraft and ship building, in addition to the railroads and munitions plants. Existing privately-owned enterprises in this area are to be given 10 years in which to develop; at the end of this time the whole question of their nationalization, with compensation, is to be reviewed. Inferentially, if they have contributed to the national prosperity

CONCRETE "SKYSCRAPER" rises Bombay, as women bring cakes of ceme from concrete mixer to foot of scaffoldi

in a manner satisfactory to the go ernment, they may remain in priva hands. Certain basic industries, su as salt, automobiles, tractors, machi tools, industrial and hydro-electric equipment, rubber, paper, drugs a chemicals, textiles, shipping are be subject to varying degrees government control and regulatio The government is to generate a distribute all electric light and pow through its own public corporation similar to TVA. Cottage industries weaving and manufacture of plo is to be encouraged. The rest of t industrial field is left open for priva enterprise, but the State would al progressively participate and wou not hesitate to intervene if priva enterprise proved itself unsatisfa tory.

The underlying principle of t plan is that the State must play increasingly active role in the cou try's industrialization. It envisage in effect, a "mixed economy" wi certain industries run or controll by the State, leaving wide areas f private and cooperative enterprises

The adverse sterling balance resulting from British war-debts to India also influenced the decision against all-out socialization. The main requirements of India's industrialization—capital goods and machinery—depended upon sterling assets for payment. Although the United Kingdom Government promised to clear the debts, it failed to fulfill that promise, as Britain's economic situation went from bad to worse. The whole amount remained a post-dated check of a bank on the verge of collapse. India secured only £80,000,000 for the next three years, beginning 1949, out of her sterling deposits, of which only £15,000,000 was multiconvertible during 1948-49. This severely restricted capital goods imports from the US, the only country which could supply them. No direct payment in Indian rupees was possible, since they were "pegged" to sterling. The pace of industrialization was slowed and its range narrowed. A complete ban on private enterprise would further constrict output. Nehru put Socialism into cold storage for ten years in an effort to develop the country's industry on a basis of joint partnership between the State and private enterprise.

Following the Government's policy, Nehru promptly went ahead with planning and execution of such projects as multi-purpose river dams, locomotive, aircraft and fertilizer factories. Under his chairmanship a national planning committee was set up for the purpose. Dams for electric energy and irrigation received top-priority, to reduce India's dependence on food imports. Projects already under construction will irrigate 27 million acres of uncultivated land and make India self-sufficient in food by 1951.

This experiment in mixed economy on the part of the Nehru Government met with resistance that set it back. Indian industrialists with whom it sought cooperation saw in the Government's economic policy the Red Menace, and they took a dim view of prospects for private enterprise. They looked on the plans as strategy to get them to expand their industries for ten years, only to deprive them of their holdings at the end of that time.

To encourage businessmen and allay their fears, certain controls were relaxed. Until the nationalization was further clarified and programs and guarantees for private enterprise assured, capital remained shy. Official spokesmen said that nationalization of existing industries was only a possibility rather than an immediate probability. Nehru told India's business community that future developments would be dictated more by practical considerations than by official policy statements. Tax concessions to management were widely granted.

Private capital in India still remains partially on strike today. Nehru has recently therefore turned toward foreign capital to finance India's industrialization. Foreign investors, however, were also aware of Nehru's reputation as a Socialist. News of the limited scope for private enterprise in India made them cautious. They were reluctant to underwrite what they believed would be but another scheme to build another socialist country in the world.

The growth and progress of industry in India hinge on the question of nationalization. Whether or not to nationalize is Nehru's problem. Recently he indicated his willingness to put off at least parts of the nationalization program for a decade, and perhaps indefinitely.

In a recent interview he said, "In the remote event of nationalization of certain industries, the American investor would be compensated in dollars. . . . As long as (key) industries are kept going and are employing many people, we would rather use our resources for developing new projects and employing more people. If these industries are well managed privately, we see no need for nationalization at any time."

"As to key industries," he continued, "despite the previous plan for state ownership . . . we've done nothing about them, and we are putting off consideration at least ten years."

He also declared that he was anxious to build in India a middle class which, like the American middle class, would prove the strongest possible bulwark against Communism.

This statement may or may not draw foreign investments toward India, but it does exemplify the transformation of Nehru's economic views. In the "scientific" sense, nationalization is the first step toward Socialism. But Nehru's willingness to abandon nationalization refutes his own belief twenty years ago that the principles of Socialism in Marxian form could be readily transferred to India, and also shows his ability to adapt his thinking to realistic conditions.

Gandhi once said about Nehru, "He is undoubtedly an extremist, thinking far ahead of his surroundings. But he is humble and practical enough not to force the pace to the breaking point. The nation is safe in his hands." Nehru has avoided that breaking point by his ability to concede and compromise. His idea of the mixed economy is born out of this mental set, and reflects his attempt to find a synthesis between two conflicting economic doctrines. How far this will be successful in solving India's manifold economic problems will be revealed by the future. But the sincerity of Nehru's economic goal is unquestionable. Certainly its wisdom is being tested on the anvil of economic realities.

AMERICAN MACHINERY is stepping up production of India. This 62-year-old man is trained assembly line munition worker.

Competition blended with monopoly
Is the formula yielding
The world's highest living standards

PROFITS And Our Mixed Economy

By HAROLD LOEB

LET'S STOP kidding ourselves. Pure competition, as described in the school books, does not exist, has never existed, and probably never will exist as an economic system. It is a theoretical concept spun by the mind of man from the web of dreams. It is probably more Utopian, that is to say, less realizable than pure monopoly, sometimes called socialism.

What we have in the actual world is a number of combinations of economic procedures. Some approach the ideal of pure competition, others that of pure monopoly. All systems, even that of Soviet Russia, are mixed economies. These can be roughly divided into two classes, although no two of them are exactly alike:

(1) Free economies in which the most important working procedure may be called "monopolistic competition;"

(2) Controlled economies in which government planning plays a prominent role.

Fragments of pure competition existed in the United States before World War II. At that time there was no federal "support" for eggs. Many farmers did not differentiate their eggs by putting them in boxes to be sold under "trade names" or with the date printed on the cover. The eggs could not be distinguished from those of other farmers, and the purchaser had no basis for preferring them.

Accordingly each competitor encouraged his hens to produce all the eggs they could and sold his eggs at the market price, determined by the bids of buyers and the offers of sellers. This procedure is known as pure competition. It obviously has never fitted the total US economy for many reasons.

Pure competition is possible where costs rise as production is increased—when, for example, it costs the farmer more per egg for every extra egg he puts on the market.

In recent decades, the introduction of new methods, seeds and animals in American agriculture made it possible for American farmers to reverse this process and hence lower costs by increasing production.

Glut resulted. Prices dropped below the costs of many farmers and profit became exceptional. The low purchasing power of this important group of producers proved so expensive socially that the government intervened in the 1930's to raise farm prices and to limit farm output. Farmers, like other producers, were thus enabled to engage in a form of monopolistic or imperfect competition when government subsidies abolished loss resulting from increased production in the free competitive market.

Pure competition, and the procedures akin to it—called price or cut-throat competition in the business community—have been tried out at one time or another by iron foundries, leather tanners, garment makers, whiskey distillers, sugar refiners, coal miners, photo-engravers and many others.

The experiments, in every case, proved disastrous. When prices were cut in the face of declining demand, costs could not be recovered. Labor was sweated. Insolvency was frequent when not habitual. Technological progress was hindered. Eventually price competition was superseded by some form of control. Either the employers got together, or labor, or the government intervened to stabilize the situation.

In one memorable case, the Federal Government abetted by John L. Lewis, ended price competition in the soft coal industry by the famous stabilization agreement of NRA days. State governments rescued the drillers for

oil. In certain fields the competitors organized trade associations, but their intervention often ran athwart anti-trust laws. Sometimes a few concerns succeeded in "guiding" an industry, as in steel, smelting, meat packing, automotive, and electrical appliances, and proceeded to set prices which the rest of the field chose prudently to follow.

Most often, however, pure competition has been evaded by what is known as "differentiation of the product." The product of one firm is distinguished from that of another by a physical difference—or even by a trademark, as in the case of gasoline. With these devices the nature of the competition is altered. Each producer, with sole control over his product can, within the limits of the demand for his particular brand, as well as for rival brands, set his own price.

This whole procedure is usually called monopolistic competition—when one or a group of dominant producers can "administer" prices.

Monopolistic competition has many advantages, but one formidable flaw. It must not be confused either with monopoly or with the cartel system, both of which close the market to all but one preferred seller, and which have many grave defects.

The advantages of monopolistic competition are those usually associated with a free economy. Every monopolist competes with every other monopolist in the field, and each field competes with other fields. Thus coal competes with oil and electricity; and lumber competes with plastics.

In periods of prosperity, competition is largely directed to improving products, turning them out more efficiently and heralding their virtues. Improvements have to be quickly copied. The monopolist who cannot keep up with his rivals fails.

Competitive enterprise in its gradations from pure to monopolistic, excels all other known working procedures, not because it fosters freedom and ingenuity and decentralizes authority (these are by-products) but because it is more efficient than other known procedures.

When flexibility, price and product are arrested by government controls or by private cartel arrangements, changes in cost and in taste cease to be reflected by changes in price. The result is glut on the one hand, dearth on the other.

Because of price fixing, US potatoes are being fed to cattle.

Because of price fixing, many commodities that could easily be provided are missing from the shelves of European shopkeepers.

But waste and shortage are not the only bad features of price control. When price is regulated, profit is pegged and ceases to be an incentive to new creative effort. The economy then loses impetus.

Though price moves more slowly in monopolistic competition than pure competition, it reflects changes in costs and taste more accurately.

In pure competition, when demand falters price falls until the smaller demand can purchase the supply available. The farmer does not stop feeding his hens when the price of eggs drops. On the contrary, he may even increase his flock in order to make up, by working harder, what he is losing by the lower prices. Thus no matter what happens to demand, in a field of pure competition, production is sustained.

In monopolistic competition, and this is its major drawback, both price and production are usually lowered when demand falters. But a drop in production releases workers. Unemployed workers do not earn wages. A reduction in wages lowers the demand for goods and services which in turn induces a lower rate of production . . . and so on until war, or the wearing out of the capital plant, or some other event, arrests the reciprocal action.

Demand, which depends largely on the amount of money in people's pockets and bank accounts, and on the rate at which they spend it, may fall for any one of a number of reasons.

Demand falls when the government or a private individual or corporation repays a bank loan, *and the bank does not loan the money out again.* For the government or the individual withdrew the money from the spending stream.

Thus the government withdrew by taxation more money than it spent in the first three months of 1949. The banks did not loan this money out to others. In fact, at the same time, businessmen also were reducing their loans by over two billion dollars.

With less money in the spending stream, relatively and actually, the demand for goods and services—which had been in excess of supply in 1947 and 1948, a condition known as inflation—fell below the supply of goods and services. Prices fell. Production dropped over 13 per cent. Employment slipped.

Unless such a chain reaction is counteracted by deficit financing or otherwise, the economy sinks gradually into the irrational state known as depression.

In the 1920's the US could risk a depression despite the unnecessary waste and suffering. Today the US

A provocative American economist, Harold Loeb served during World War II as Assistant Director of the WPB's Distribution Bureau. He is the author of *The Chart of Plenty* (Viking) and *Full Production Without War* (Princeton University Press).

Profits and Our Mixed Economy *cont.*

cannot risk a depression for political and military reasons. Consequently it is faced with a choice that should not be difficult.

The first choice is that the economy be put under mandatory controls to preclude unemployment and non-production, despite the inevitable reduction in productivity, real wages and liberty; the second choice is that demand be maintained at a level consonant with high employment in a free country.

The undesirability of a government controlled economy is apparent. We have seen no less than a dozen societies operating under war controls in years of peace. If we rated these economies on the basis of their effectiveness, we would have to put Belgium, which has reduced controls to a minimum, at the head of the list, and England and Russia, which have most controls, at the foot.

Both efficiency and the standard of living seem to vary directly with the freedom of the market. The more freedom, the more goods; the less freedom, the more trouble.

England, where prices are controlled and supplies allocated or rationed, is asking for billions of dollars' worth of additional goods and services from the US in order to maintain a standard of living somewhat lower, though more evenly distributed, than that enjoyed before the war.

The US eliminated controls right after the end of hostilities. It not only has raised its disposable income some 30 per cent, but also has been giving away over 3 per cent of its annual production in order to sustain the living standard of England and other countries.

In the early twenties, Lenin attempted to institute pure monopoly, or socialism. The few oases of industry which somehow had survived the war and the revolution, slowed to a halt. Faced by disaster he had the courage to restore the free market and free enterprise, in limited areas, under the name of NEP although both procedures ran counter to his deepest convictions. The result was magical. Overnight, windows seemed to clean themselves. Streetcars started to run, goods appeared in shop windows, the poets began to sing and the painters founded several new schools and splashed their colors as far away as Berlin. Russia enjoyed, for a few short years, a prosperity unlike any it had ever possessed before, or has approached since.

Recently the US Military Government lifted some of the controls which had been in effect in Western Germany, a heritage from the Nazis. Again the result was amazing. The grey emptiness started to fill with color and light. Wheels began to turn, goods appeared miraculously, even food seemed to be more abundant although the lifting of controls could in no way have increased its supply.

Recently I happened to attend a play called "The Madwoman of Chaillot." Its thesis was that everybody would be happy, richer and gay, if all businessmen, in particular enterprisers, traders and speculators, were led down dark cellar steps and liquidated. It was a nice play, too, humorous and kindly.

The Madwoman of Chaillot, if she had been as intuitively wise as her creator intimated, would have enlivened tired postwar Paris, not by piping traders and speculators to destruction, but by legitimatizing their black markets and releasing them to go about their business.

Thus it is fortunate that our war and postwar experiences clearly indicate that demand can be raised or lowered at will, even in a free economy. Since gold has been supplanted by currency and currency largely by bank credit, the supply of money can be increased and decreased, practically without limit.

And effective demand depends, as was noted above, largely upon the amount of money put each month into the pockets and bank accounts of the citizens. The problem is, therefore, one of how to put money into people's pockets when demand falters, and how to extract it when supply is inadequate.

Taxation would seem to be the neatest instrument for accomplishing these results. Tax rates, for example, could be set at a level which would equate what the government spends with full employment. At the moment this would mean a tax rate bringing in some 40-odd billion dollars at the national income which would accrue were unemployment reduced to two million or less. (The present rates may be slightly too high since profit and other heavily taxed returns rise disproportionately as production increases.) The important thing, however, much more important than setting any particular tax rate would be to hold the *rates and the expenditures constant once they have been established.* Then, should demand fall, for any reason whatsoever, sales, profits and other income would slip off, taxes would drop, and federal receipts would fall below federal expenditures. Thus the government without taking any new steps would be putting more money into people's pockets than it was taking out. Demand would exceed supply and the downsurge would be arrested then reversed.

Similarly, if demand should increase in a period of full employment, production could not rise appreciably, but prices, wages and profits could and would. As a result, taxes would become greater than expenditures, more money would be taken out of people's pockets than was being put back.

Thus the desired balance between demand and supply might be restored automatically, whenever it leaned over to one side or the other, without legislative or executive action and without any serious repercussions on the rate of production. It is possible that, by this measure alone, both deflation and inflation could be held within narrow limits and the business cycle shorn of its potency for evil.

Even if the tax policy suggested above was too limited by itself to offset fully such imbalances as appeared, it would seem wiser to supplement it by other fiscal measures than to attempt to control prices, production and investment.

TO NEW YORK HARBOR COME THE WORLD'S PRODUCTS, TO BE EXCHANGED FOR COVETED AMERICAN DOLLARS

16 Countries In Search of a Market

By JOSEPH HASEK

Noted European authority on foreign trade problems

EVERYBODY talks about the need for increasing US imports to balance world trade. In practice, however, very little is done about it. To be sure, various agencies of the US Government, notably the Department of Commerce, have recently made serious efforts to close the gap in American foreign trade. But otherwise — broadly speaking — the fact that the US exported in 1948, for example, $12,000,000,000 and imported $7,000,000,000 remains a subject for postprandial lamentation rather than an object of concerted and effective action. The barriers which hinder the development of a richer, healthier American import market too often are glossed over or not viewed within their proper context. At the risk of appearing somewhat on the hortatory side, I would like to suggest ways and means in which the American import market can be expanded without any very drastic alterations in today's ways of conducting foreign commerce.

I have just completed a two-year study of the export and import market situation covering the US and the Marshall Plan countries. I find that there are two basic impediments to an immediate growth of exchange of goods and services between the US and the ERP areas.

The first obstacle is general in kind. It is simply that the US, as a result of World War II, has achieved a new high in its productive superior-

16 Countries *continued*

ity over the rest of the world, a preeminence which necessarily cuts the need for foreign products, especially in the sphere of manufactured goods. The American buyer, certainly no altruist, on the whole finds it easier and more comfortable to buy and sell within the confines of his own country. This situation persists in part because the foreign manufacturer very frequently has no idea of how to approach the American market realistically. In the majority of cases, he is unwilling to offer prompt deliveries, deferred payments, and he lacks the know-how to court aggressively the American buyer on his home ground.

The second obstacle is more specific. It results from the way in which the war disrupted and dislocated the international currency exchange and the correlation between exports and imports.

The net result of both tendencies has been to increase abnormally US domestic production. In terms of dollar value, for example, the US exported during 1947 $14,456,419,000, or nearly five times as much as in 1938—$3,094,440,000.

At the same time, those countries which formerly were particularly important as exporters were still hampered by war ravages and devastation in their production and distribution mechanisms and methods. Even today, with the drastic devaluation of the British pound from $4.03 to $2.80, with the devaluation of the French franc from 330 to 350 to the dollar, and the 30½ per cent devaluation of the Swedish crown, the currencies of these nations tend to be over-valued in relation to the dollar. Hence, their prices run higher than those in the US for corresponding articles. Moreover, in many instances, these nations have arranged among themselves reciprocal trade agreements based on a clearing system which simplifies trading, but which de-emphasizes the question of competitive pricing and sales promotion which are particularly vital considerations in the highly rivalrous American market.

FRANCE woos the American market with her exquisite perfumes, her jewelry, gloves, and womanhood's delight—*haute couture.*

BRITAIN'S woollens enjoy a reputation i all parts of the world. Devaluation of th pound sterling will help her export mor

In the light of all this, what concretely can be done to enlarge imports to the US? Naturally, any such suggestions have to remain somewhat generalized since every foreign country and every commodity requires its own custom-tailored approach to the American market.

Yet a White Paper on how to achieve greater trade between the US and the ERP countries can be at least written in broad outlines. A chief distinction to be made is between raw materials and other products which may be imported for US industrial and similar uses.

A. *Raw Materials:* The price and movements of such goods are largely determined by fluctuations in the international commodity markets. The decision of the American purchaser, therefore, is based upon careful shopping and stringent comparisons of price and quality.

Hence, the representative of the foreign exporter would be well-advised to maintain direct and personal contacts with US plants, factories and mills that may be interested in the product he has to sell. The usual procedure of a casual letter and a quotation of prices will hardly suffice.

B. *Consumers' goods:* To promote these imports requires a more detailed and painstaking investigation of the market. Preliminary surveys are imperative since these wares must reach, more or less directly, the American buyer—who is one o the most pampered purchasers in th world, but who becomes a stead client if approached in the "Amer can way." To this end, he must b convinced of the quality and fai price of what he is buying. He mus see others buying it. Perhaps mos importantly, there must be someon at hand to "sell" him on the wonde ful idea of having, wearing, or usin an "imported" item.

Among consumers' goods, a usefu distinction — from the marketin point of view—should be made be tween:

(1) Products which are not an probably never will be produced i the United States (some foodstuffs beverages, textiles, handicraft, etc.)

(2) Products which are turned ou in the United States in sufficien quantities (such as automobiles clothing, chinaware, etc.). In theor this is a situation of little promise Nevertheless, even here a wide fiel remains open for foreign producers if they want to come to the Unite States, see what the consumer re quires, make it in better quality o cheaper, and put it on the market i an appropriate fashion.

I believe that imports to the Uni ed States can also be increased b the following measures and media:

(1) *Official agencies and non profit foreign commerce organiza tions.* The Department of Commerc has been engaged for some time i

ITALY is seeking to compete with Paris in the fashion export market, with her new elegant silk and her daring dress designs.

HOLLAND'S tulips are among her chief exports. They are often flown to the US, to go on sale in New York flower shops.

recommending imports both direct and invisible and in encouraging US investments in firms abroad. Special representatives have taken trips to Europe to stimulate exports to the United States. The United States Government has offered its wholehearted support to enlarging international trade by direct or indirect financing and by fostering an international world trade organization (the ITO). Much can also be achieved by reducing tariffs, simplifying and coordinating customs practices and similar methods. The Government also contributes directly to the increase of imports by stockpiling such necessary raw materials as chrome, copper, manganese, rubber. This is not the most natural way of stimulating imports, but it helps to maintain the balance of trade under the present extraordinary circumstances. Naturally more imports could be sold if foreign merchandise were allowed to compete with goods manufactured in the United States on various public bids.

(2) *Local non-profit organizations for world trade.* Specialized offices maintained by various chambers of commerce and by port authorities have already done much to gather and disseminate data on foreign commerce. By further developing their facilities, they will be in a position to provide foreign exporters or their representatives with quick answers to questions about specialized importers, statistics on distribution of similar commodities and other relevant information.

(3) *Direct support of foreign governments and by ECA cooperation with these governments.* The shortage of dollars in many countries has reached a critical stage. Hence their governments would be willing to sanction the sale of many goods below actual market price. They would be ready to pay to the exporter a subsidy in national currency to support such a program. In fact, some of these countries have actually inaugurated a policy of indirect dumping, although this interferes, in most cases, with their obligations resulting from such international trade agreements under ECA, and GAAT. The same excess quantity of goods could be exported if a small portion of the planned price reductions were reserved to finance expert publicity and marketing for their products in the United States. (See also Section 5.)

American importers are less and less willing to buy on a letter-of-credit basis. Yet, European producers and exporters are not always sufficiently equipped with capital to finance their shipments. A government sponsored institution which would guarantee payment to exporters for their shipments in local currency at the time of loading, and take over collection of the dollars abroad, would be a real stimulus to the export trade.

ECA representatives abroad should be asked for an exchange of views not only on ECA imports to the individual countries, but also on exports to the United States. The representatives of ECA should stand ready to advise governmental authorities and non-profit commerce-promoting organizations of foreign countries on methods of approaching the American market as recommended in Section 5.

(4) *Devaluation of foreign currencies in cooperation with international financial agencies.* The recent devaluation of foreign currencies will contribute to the increase of imports by making foreign prices in terms of dollars more competitive in the United States market. The advantage will only be real if the countries devaluating their currencies maintain their economic stability against adverse spirals of wages and prices and other inflationary trends.

(5) *Special emergency agreements with foreign countries.* Critical situations require extraordinary measures. The United States and foreign governments may have to resort to some emergency arrangements with possible temporary further limitation of the principles of free trade.

(6) *More efficient private approaches to the American market.* Successful selling to the United States requires three fundamental steps:

a. The buyer must be told of the product's existence. This can and should be accomplished the way the United States producer does it—by expert publicity. Publicity for the purpose of increasing imports can either be restricted to individual products or it may cover all imports from the particular country. American public relation specialists should be engaged to do the job. Their representatives should visit the foreign countries, employing them to obtain material which could be distributed free of charge to newspapers, magazines, newsreels, television and radio stations, and other communications media.

b. The quality of the goods offered must meet the high standards of the United States public. In addition, more attractive packaging and presentation are required than those to

16 Countries *continued*

which the peoples of Europe have become accustomed. The goods must be offered in United States standard measures (not meters, kilograms, etc.). The offers should be accompanied by impressive catalogs or leaflets, in English and adapted to American taste. In many cases a "duty paid" or "delivered" quotation will be of decisive importance.

c. The commodity must be offered to the American buyer through appropriate marketing. This work can be undertaken for foreign producers by companies specializing in market research and in the promotion of imports to the United States. Washington, as the best source of most information required for such work, would be the logical location for such a representative.

The methods by which the appropriate marketing of foreign products can be offered to foreign producers obviously differs, in accordance with the specific types of commodities handled. Some of the steps which the import-promoting company must take before recommending an effective means of obtaining entry to the American markets are: (1) Investigation of the need for the product in relation to similar ones already on the market; (2) research on selling of competitive products and information concerning their producers; (3) presentation to the public of the advantages of this specific product; (4) estimate of the time of unprofitable selling; (5) estimate of the number of potential customers, their profession, sex, age and other factors.

Following this preliminary research, decisions must be made concerning advertising: whether to use it or not, and what would be the most effective methods. In some cases United States national advertising concerns would be recommended for best results.

Finally, the most important question will have to be answered: what is the best way to sell the product in the United States? Though in many lines the American market shows no real need for foreign products, yet it will absorb every quality product that is adjusted to American taste and offered in appropriate ways. Moreover, the rising American standard of living offers to inventive foreign producers ever-increasing possibilities.

American salesmen have developed what is probably the most efficient selling technique in the world, using many different methods to achieve the maximum output for their goods. Their policy of "split selling," embodying a gradation of different consecutive approaches to the buyer, is only one of their many techniques. They have been successful even in foreign markets from which similar goods had previously been exported (textiles to Belgium).

The foreign producer will need to adopt these methods to be successful in the United States market. For maximum results, marketing will require thorough preparation. A few years ago, a foreign manufacturer could make one or two visits to the United States, then decide his best system of distribution. Today, he must follow American selling techniques, which are very nearly a science.

Since marketing problems are complex, to solve them by mail from abroad will be a lengthy task, if at all possible. The producer needs someone *in* the United States who can get him necessary information quickly. It will be to his advantage to have a special United States representative, to prepare market research, recommend and supervise his course of action. This representative (or promoting company) will also inform him as to whom and through whom the sales should be effected. He will analyze the market and probably recommend one of the following methods of selling:

a. Direct selling to the consumer through foreign producer's own organization (as for example recently Swiss sewing machines).

b. Selling to retailers through a special representative, from stock taken on consignment.

c. Selling to wholesalers and brokers. (Here, much will depend on whether the product is sold for cash or on credit. Only a well capitalized importer will be able to purchase on letter-of-credit basis and resell on terms.)

d. Selling to department stores, mail-order houses, etc.

The most frequent error in judgment made by foreign exporters is that of selling to the United States merely through one wholesaler. This may have been adequate even as late as twenty years ago, but the tremendous development of the American market and its regional specialization requires a different policy today.

Many European exporters forget that—unlike the situation existing in less developed countries—every inhabitant of the United States is a potential consumer. They do not realize that, if the United States were divided into a dozen marketing districts, each of them would still represent much more purchasing power than any other single country to which they export. They do not hesitate to set up in these other countries an independent sales organization. Why should they not adopt the same policy for the United States which is actually divided into various marketing zones? These zones differ, of course, according to the products offered for sale. Their number and limits should be recommended by the special United States representative. A single wholesaler appointed as exclusive agent for the entire United States will, as a rule, enter primarily only the easy markets and will not be interested in the territories not directly covered by his own agents.

The special representative will not himself, sell in any of the markets recommended by him. He will, however, find and control the most capable specialized importers or regional representatives in the various United States markets. He will stay in continuous touch with his clients in Europe and recommend to them all the appropriate steps to create a receptive attitude toward their products on the part of the United States public. He will also recommend any changes of local representatives, continue to study the market from their reports and those of other sources and, thus become a valuable but inexpensive link between the European producer and the tempting American market.

UNW BOOK REVIEWS

By BETTY STONES

The Pilgrimage of Western Man

by Stringfellow Barr. New York, Harcourt, Brace & Company. $4.00.

MAN'S ENDLESS effort toward unity is the theme of this study of European history since 1500. Mr. Barr sees no fruition of this universal hope under the United Nations as it is constituted today. He fears that the UN is only another of the many inadequate leagues of friendship which man has set up, all of which have eventually cracked and failed.

The author's views are sharply at variance with those of Sir Arthur Keith, who holds that man, throughout his history, has been moving toward more intensive nationalism.

Mr. Barr's style is lucid and entertaining. He also has a neat trick of construction. Much of the tale is told by detailing certain outstanding incidents or personages to serve as a *precis* of the age. Thus, through the eyes of Martin Luther and Philip II, the main outlines of the entire 16th century become clear, and myriad details fall into place.

In the Middle Ages, European man built for himself a visionary city, a City of God, whose pillars and towers were the Christian faith, whose guardians were the clergy. The City was populated entirely by the faithful, among whom there existed no divisions of nationality, race, or class. This dream—which for hundreds of years was a reality of the spirit—was expressed in awesome cathedrals. Sculpture and painting provided a divine Baedeker of the City. In its material aspects, society was feudal. Economy was based upon the self-sufficient manorial community. Relations between the three Estates—nobility, clergy, and serfs—were well defined. To mediaeval man, these distinctions were part only of an outward life which had relatively little importance as compared with the spiritual vision.

The City of God collapsed when increasing commerce upset the self-sufficient community. Trade with far places created new desires which quickly became needs. Industry destroyed the patterns of the craft guilds, and secular powers began to encroach upon the prerogatives of the Church. Heresies followed, then the Reformation. The City of God split in two, later into fragments. It crumbled with the growth of trading cities with their emphasis on this world's goods. It was erased from the practical affairs of man when the matter of the divine right of kings was settled by the beheading of Charles I and by the French Revolution.

This collapse, from its onset, bred conflict. Spiritual unity receded, material differences came to the fore. Boundaries divided Europe, languages and religions became the marks of separateness—and to perpetuate their differences, Europeans shed their blood.

Yet, Mr. Barr feels that there is no emotion so great as the common desire to live, that man is today more conscious than ever of the need to recapture a sense of unity with his fellows. The author suggests that the principle of federation, born and nurtured so successfully in the United States, must now be extended to embrace the world. He believes the majority of people want a world federation.

Unlimited national sovereignty, he maintains, breeds strife between nations. Strife is no longer a noble sport, but useless national suicide. Therefore national sovereignties must go. And he believes the United Nations is not strong enough because it deals only with governments, not directly with peoples. This, as Alexander Hamilton pointed out long ago, can never succeed.

STRINGFELLOW BARR

Ferment in the Far East

by Mary A. Nourse. New York, The Bobbs-Merrill Company. $3.75.

MOST OF China is now in Communist hands. The only focus of power ranged against it exists in the person of a man the Western world mistrusts. In other parts of Asia reign unpopular colonial governments or newly independent governments which have not proved their worth; in the Philippines a former Japanese collaborator might well become president. Everywhere in the Far East are powers which the West dislikes, distrusts, or merely dismisses, and this has created a schizophrenia towards Far Eastern affairs even among westerners of vast good will.

Mrs. Nourse brings history to bear upon this confusion. She seeks to show how the modern history of the East has progressed from remotest times, how the cultures and outlooks of the various nations have become interrelated, and how they have clashed. Stress is laid upon China as the cultural sun, as the first nation in the East to conceive of a "one World."

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Book Reviews *continued*

Seldom by conquest did China endeavor to enfold contiguous peoples, or others farther afield. She relied on the weight of her cultural influence, insisting that only those who followed the *li*, the custom of China, were civilized. When under the powerful dynasties she became great, her *li* sped down the long lanes of the Orient, and was added, in one form or another, to the lifestream of distant peoples.

Japan borrowed much from China, but that she imitated China is a harsh judgment, for she put the mark of her own individuality upon imported ideas. Japan often had to defend herself against the arrogance of the mainland. When she became strong enough to rival her teacher, she developed an ambition of her own, even in ancient times: that of Asiatic unity. Between the two rivals stood Korea, alternately a cultural bridge and a battleground.

Neighborly squabbles ended when Europeans began to prowl the Orient armed not only with superior weapons, but with intolerance, violence and greed. Both China and Japan sought to remain aloof, while the southerly nations fell victim to the colonizers.

Mrs. Nourse describes the vicissitudes of the Philippines, the Indo-Chinese nations, Sumatra and Java as dependent countries, and the colonial rule which has given rise to so many problems in our time. It is easier to see why even to so-called "independent" nations like Siam, the Japanese renewal of the United Asia idea is not particularly unattractive.

The book leaves India out of consideration on what seem to be flimsy grounds. In spite of geographical barriers, and a certain "other-worldliness," India has surely put the stamp of her blood and culture on wide areas of Southeast Asia.

Mrs. Nourse sees new vigor for the Asiatics under the United Nations, and insists, as many another writer on the Far East has done, that western support and sympathy for newly-created, struggling governments will help to bring them out of the hal world, into the One World.

The River Line

by Charles Morgan. New York, The Ma millan Company. $2.75.

FOR ALL who enjoy long convers tions on weighty abstract su jects by well-educated people, a nov by Charles Morgan is a feast. *Th River Line*, while it lacks the pow to move like *The Fountain*, or to e gross like *Sparkenbroke*, has the a traction of an excellent tale of actio and suspense.

Philip Sturgess, an American, r turns to England to visit friend Julian and Marie, with whom h shared a remarkable and tragic wa experience. His overwhelming need to talk about it, and he assumes th they will wish to do so; he is puzzle when all opening gambits are m with embarrassment and frigidit Nevertheless, the tale unfolds of th "River Line." It concerns a chain o obscure people in Belgium an France who risked their lives dail for years by passing Allied flye stranded on the Continent, from o to the other as far as the Spanis border. Sturgess and Julian had e perienced such an adventure; Mar was a Frenchwoman in whose hom they had hidden. And there had bee another, one called Heron, whom a three had, in some way, loved, b there came a moment when the killed him.

The chief of Mr. Morgan's exce lencies is philosophical depth. Non theless, certain motivations of th book are incomprehensible. It is i credible that a happily married co ple each could have kept a tormentin secret from the other, especially whe given the uncanny capacity of all M Morgan's characters to guess what a other is thinking. Similarly, it seem unreasonable that the sister of th dead man could not have glimpse the truth sooner, in spite of numero sign-posts pointing firmly to it. Aga and again complications arise fro over-intellectualization which wou be unlikely in real life.

The Body

by William Sansom. New York, Harcourt, Brace & Co. $2.75.

A MIDDLE-AGED suburban Englishman named Bishop, a man of vagrant interests and fuddy-duddy hobbies, was studying a fly on a leaf one afternoon, when between the shrubbery, hovering just above the garden wall, he saw a leer. Scouting about for the object at which the leer was directed, he was horrified to find that it was his own wife, Madge. At that moment, slip-clad, she was washing the afternoon sleep out of her eyes in the bathroom with the window open.

This leer had the opposite of the effect of Medusa's upon Mr. Bishop. From that moment his tranquil existence was agitated by one desire to find out what it had to do with his wife. He soon discovered that its owner was a genial, if somewhat appalling garage-proprietor who had just moved into lodgings next door. His virile ways with the ladies and Madge's giggling response offered conclusive evidence that the incident at the bathroom window had not taken place without her collaboration. The swelling suspicion, with its concomitant scattering of the wits leading to reckless action, propels our bumbling hero through the pages of his story.

Enchanted pages they are. A special marvel is Mr. Sansom's talents in devising *mise en scène*. Every action in the book takes place in a carefully devised and appropriate setting with the author's pen speeding like Fairy Tinkerbell to the dark corners, touching with light for a brief moment all essential elements. So masterfully are these elements assembled that they bring to the sight, not the typical, but the absolute. There is an absolute suburban bedroom in this book, and an absolute boating party.

The Irish

by Sean O'Faolain. New York, Devin Adair. $2.75.

WHILE the gentlemen in Paris reflected upon humanity, Sean O'Faolain sat upon the palimpsest which is Ireland, and reflected, with pastel humor, upon his race.

Irish culture made a flourishing entrance upon the world scene in the first centuries after Christ, producing imaginative works of wild and wilful beauty. But no effort was made to discipline the thoughts thus derived. Then also developed the bardic, aristocratic mind which had no interest in the common folk, and which was to endure down the ages until the Normans and the Anglo-Irish came.

Culling the flower of civilization like children in fairyland, the Irish took sprigs of Greek and Roman culture, together with the newly developed rose of Christianity and developed from them a garden of rare bloom; then let it straggle and fade. For 700 years before the coming of the Normans, the Irish had a chance to build up a defined and active native culture. They did not take it.

No healthy hybridization took place. After a time the Normans became more Irish than the Irish, and progress was further delayed until, in the 18th century, Anglo-Irish intellectuals opened the long corridors of revolution. As soon as their ideas fell into the hands of the people, they became sentimentalized, emotionalized. It was a revolution unblessed by thought.

Since Mr. O'Faolain's approach to these matters is "racialist," that is, he feels that special qualities of the Irish character have failed to meet the challenge of events, I wonder that he has nowhere mentioned the Iberians, those early folk, the supremest gypsies of the world, whose unruly and tenacious genes have made inexplicable the history of more lands than Ireland—Portugal, India, the Levant. These were Ireland's basic stock; the Celts were cousins of stodgy Anglo-Saxons and earnest Lombards.

These brief remarks deal only with O'Faolain's more unpopular observations and give no idea of his affection and respect for his native land.

Stalin: A Political Biography

by Isaac Deutscher. Oxford University Press, New York. $5.00.

THIS book, prematurely reviewed in the August issue of UNITED NATIONS WORLD, will be published on September 29.

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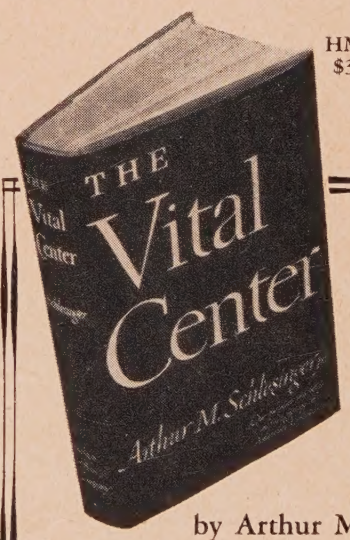


by Arthur M. Schlesinger, Jr.

" . . . the best guide to our prospects for civilized survival we have seen in a long time. Mr. Schlesinger commands a wonderful battery of ubiquitous artillery . . . He is exuberant, witty and remorselessly penetrating."
Charles Poore,
New York Times

An Editorial by Louis Dolivet

The East-West Balance Sheet

As THE delegates to the fourth General Assembly assume the work-loads of a formidable agenda, the four-year old struggle between East and West will continue to affect, directly or indirectly, everything they may do or say or hope. The US-USSR contest for supremacy will continue to determine whether the future holds peace or war, and even whether the UN succeeds or fails.

How then, at this moment, do the titans stand—who has gained and who has lost, and where?

The USSR has sought to convince the world's underprivileged that the US is both sponsor and symbol of mankind's three main plagues: war, imperialism and economic insecurity. But the propaganda objective of turning the have-nots of the world against the US has hardly been attained.

The US and its coopters in the West have sought to build outside the Soviet world an invincible network of alignments and alliances. These were to halt further Soviet advances whether military, economic or political. But a realistic look at China, Southeast Asia and Czechoslovakia reveals that the West has failed to contain, entirely, Soviet expansionism.

If we examine entries on the East-West balance sheet, we find that the Russians have toted up an array of impressive victories along with some equally impressive defeats. The greatest Soviet acquisition, of course, is China. Yet, in view of today's distribution of industrial and technological resources, the spectacular Soviet success in China is far from being decisive in the balance of world forces. It is one thing for well disciplined Communist armies in China to defeat the demoralized soldiers of a corrupt and unpopular regime. But it would be something else again if they were up against determined Western forces equipped with the most advanced weapons. On the other hand, within the confines of the Soviet orbit itself, Communism has consolidated its hold and can point to considerable accomplishments on the economic front.

In Poland, the Communist-led Government has registered gains in factory and farm output benefiting peasant, worker and the white collar class, and making a profound impression upon the people. In Rumania, Czechoslovakia and Hungary the Communist apparatus has destroyed organized opposition, but has not built any genuine mass base. In Bulgaria, belief in the Communists is comparatively higher, despite virtual paralysis in economic reconstruction.

It is this failure to arouse authentic popular support which explains Tito's defiance of the USSR and the Cominform—the most divisive event in the Soviet Union's 32 years. Tito, with his sensitive political antennae, perceived that the people of the Balkans in general and of Yugoslavia in particular were less than happy about their unequal partnership with the USSR which takes much and gives little. He therefore dared to sound the tocsin of revolt.

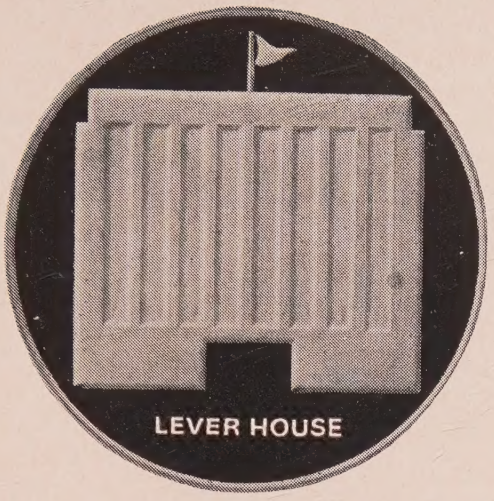
On the Western side, the balance sheet similarly shows an impressive series of victories and defeats. Chief among the former is the political re-orientation of Western Europe *away* from government coalitions with Communists and *toward* middle-of-the-road, or third force, or even right of center regimes. The Marshall Plan, despite its shortcomings, has done much to revitalize and stabilize Western Europe's economy. The Atlantic Pact has partially unified and wholly strengthened the collective defense of Western Europe.

The fact that the long-heralded collapse of the US economic system has failed to happen has instilled the peoples of the Western world with a new spirit of confidence, even of optimism. In the Far East, Nehru's powerful and pervasive opposition to Communism is building up into an invaluable asset for the West. On the other hand, the West has to recognize that the inner cohesion of the Communist world remains unshaken and that the appeal of Communism is far from broken.

Moreover, a more effective coordination and pooling of efforts between American free enterprise and systems which stress economic planning remains to be accomplished.

The very character of victory and defeat on both sides of the East-West conflict displays all the attributes of stalemate. It is precisely this process of "cancelling out" that has reduced the immediate prospects of war.

The intricate and perilous balance which today prevails is neither peace nor war. Yet it offers to the General Assembly the challenge of placing its own weight where it can tip the scales for peace, and thus demonstrate and confirm its right to the moral leadership of mankind.



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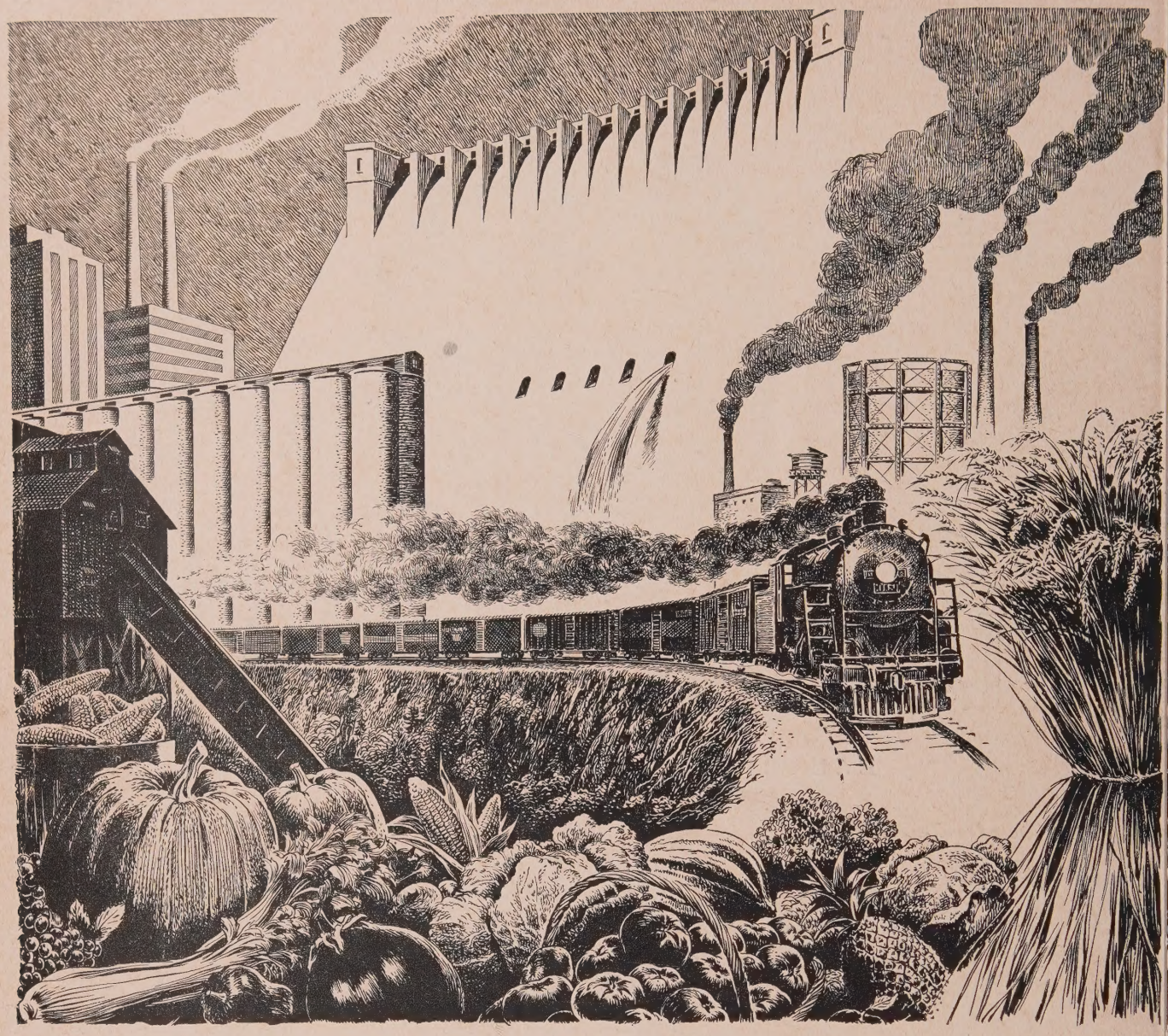

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